Effort to Stop

North Korean

Nuclear Plans

Nears Collapse

Missile Test Is Predicted

Over the Sea of Japan;

Inspectors Return Ĥome

By David E. Sanger New York Times Service

New York Times Service

TOKYO—The Clinton administration's latest plan to stop North Korea's nuclear program appeared on the verge of collapse Sunday after the North declared it would "never allow" outsides to desail its nuclear plans and inter-

outsiders to derail its nuclear plans, and inter-

national inspectors left the Communist country saying their efforts had failed.

North Korea appeared to be preparing to test a new medium-range missile over the Sea of Ja-

pan.

In the past, the CIA has said the North's extensive missile program is part of an effort to prove that its nuclear arsenal could strike all the major cities in Japan and South Korea. The last test was a year ago, and prompted alarm here after the missile, which was not armed, landed near Israen's mast coast.

Taken together, the latest events suggest that U.S. officials may have been too optimistic last

week when they expressed confidence that a new approach to North Korea — including an

offer of high level talks about diplomatic and economic links that the North has long sought

—could break a yearlong impasse over keeping the Koreau Peninsula free of nuclear weapons.

The fact of the matter is that we don't really

understand what they are doing," said a U.S. official based in Asia who follows the situation

closely. They may be toying with us, or they may have suddenly decided that they have to

near Japan's west coast.

The move came as reports here indicated that

The 'Perception Gap' Blurs Picture in Bosnia

What the UN Sees as Move to Peace May Instead Be a Step Toward War

By John Pomfret

TRAVNIK, Bosnia-Herzegovina — Lieutenant General Sir Michael Rose, the commander of United Nations troops in Bosnia, took a delegation of NATO officers to meet General

Mehmed Aligic early last week.

At the appointed time, the Bosnian Muslim general burst into the room, sucked in his formidable stomach and jerked his right hand into a snappy salute.
Nonplussed, General Rose extended his arm

to shake the Bosnian's hand. The UN commander, a by-the-books British officer, does not salute a man not wearing a hat. But General Aligic - gloriously incorrect, and one of the most successful military leaders of the mostly Muslim Bosnian army — refused a handshake. The NATO commander for Southern Eu-

rope, Admiral Leighton Smith, stepped in and saved everyone a bit of face, participants in the meeting recalled. Looser American rules allow hatless salutes. General Aligic, his salute re-turned and his pride intact, settled into his seat

and the meeting began.

The brief standoff in this beautiful Bosnian town dramatized the gap in understanding between officers of the UN operation here and the military men of the warring Bosnian factions.

Denizens of different cultures and different worlds, using different maps to fight different wars according to different rules, they can nei-ther shake hands nor salute when they meet.

The ramifications of this gap in perception are significant, affecting everything in Bosnia from the peace process in Geneva to cease-fire agreements on the ground. It is one of the reasons why what seems to be a step toward peace in UN eyes can, in other eyes, turn out to oe a stumble toward more war.

General Rose, born 53 years ago in Quetta, then a British colonial garrison town in what is now Pakistan, cites the Prussian military thinker Karl von Clausewitz to sum up his evaluation of this conflict. "The war," he said with the firm belief of a former war college commandant schooled in the logic of NATO strategy, "has long ago reached its limit of exploitation.

General Aligic, 47, part Turkish vizier, part Communist commissar, trained in the arts of protracted struggle in a culture where Occident and Orient collide, begs to disagree.

"We don't make war here on the basis of

General Rose predicted, for example, that his masterpiece, a successful cease-fire around Sarajevo that rode on the back of a NATO ultimatum last February, would spread rapidly across Bosnia. Instead, it was followed by a decision by the Bosnian Serb military leader. Ratko Mladic, to attack the UN "safe area" of Gorazde, precipitating another crisis.

One of the great successes of the UN operation in Bosnia, hammered out in tandem with American diplomatic efforts, was the March peace settlement between Croat and Muslim factions that fought a war for more than a year in central Bosnia in parallel with the main conflict pitting the Muslim-led government against Serb secessionists.

Lieutenant Colonel John McColl, commander of British forces in the region, General Rose and the American diplomats and military officers who brokered the accord saw it as the beginning of a process that would spread into the 72 percent of Bosnia held by the Serbs.

Charles E. Redman, U.S. special envoy to the Bosnian peace talks, says that now that Muslims and Croats have stopped fighting, they should sign a peace agreement that would give them 51 percent of the country and the Serbs 49

But General Aligic commands a corps of Bosnian fighters at least half of whom lost their homes in Serb ethnic cleansing. He tends to see the Muslim-Croat deal not as a harbinger of peace but as the facilitator of more war.

"The federation means open roads," he said.
"Open roads mean guns. And that means my men can go home.

While General Rose was telling him that continuing the war was "pointless," Muslim infantry and Croat tanks were attacking Bosnian Serb positions near Tesanj, northeast of Travnik, in a joint probe marking the first time in more than a year that the Croat militia had fought alongside Muslim forces in central Bos-

General Rose called the fighting "minor skir-mishes." Bosnian commanders view the renewed cooperation as steps toward bigger ones.

One of the goals of the Tesanj attack appears to be to cut a road running south from the Serbheld town of Teslic that supplies Serb gunners on Mount Vlasic, a peak overlooking Travnik. General Aligic's men have recently attacked



Mr. Solzhenitsyn leaving Vladivostok on Sunday to visit Popov Island with sons Yermolai, left, and Stephan and his wife, Natalia.

How Will Russia Find Solzhenitsyn?

By Serge Schmemann

New York Times Sernee

VLADIVOSTOK, Russia — In one of his early short stories, "Matryona's Home," Alexander I. Solzhenitsyn wrote a hauntingly prophetic passage about a prisoner coming home from the labor camps.

"In the summer of 1953 I was coming back from the hot and dusty desert, just following my nose — so long as it led me back to European Russia. Nobody waited or wanted me at any particular place, because I was a little matter of 10 years overdue. I just wanted to efface myself, to lose myself in deepest Russia ... if it was there

Vermont is no hot and dusty desert, and the 10 years turned to 20. But Mr. Solzhenitsyn is in a sense following his nose back to European Russia as he begins a trek across Siberia for which he has no plan or schedule.

The question is whether there is a Russia that awaits or wants him, and whether his

"deepest Russia" is still there. Mr. Solzhenitsyn has left no doubt of his ardent longing to devote his accumulated authority and his final years to helping his beloved *rodina*, his motherland, recover from the plague of

But in the first formal press conference he

NEWS ANALYSIS

has ever held in his homeland he was far stronger on criticism than on constructive ideas. In fact, he had nary a good word to say.

of anything.

Walking through the Saturday market in the main square of Vladivostok, he noted not the main square but the prices, which he said the abundance but the prices, which he said made his eyes "pop out of my head."

The adoption of foreign words into Russian reflected "an illness of our soul." Yegor T. Gaidar's reforms were "brainless." Mikhail S. Gorbachev's perestroika was "hypocri-sy." Russia's politics were a "false democracy." The new states around Russia were artificial and were oppressing Russians. Po-

litical parties were a "hoax."

Most Russians would probably agree with
much of the above, and there were a few bursts of appreciative applause at the press conference. But it no longer takes a dissident to criticize Mr. Gaidar or to bemoan prices, and these were complaints heard constantly in the streets.

What Mr. Solzhenitsyn offered on the positive side of the ledger were some vague ideas on democracy —a strong central government and strong local governments, honorable candidates — and proposing a self-critical, nonaggressive patriotism as Russia's unifying

True, the writer is only at the start of his odyssey across Russia, and he said he was prepared to shape and revise his views. And there were intellectuals, most notably Mik-See RETURN, Page 5

may have sunterny technical that they have to save the nuclear program at all costs."

[Reacting to North Korea's bard line, U.S. congressional leaders, in broadcast interviews Sunday, offered a range of diplomatic and military steps to convey American resolve. Each indicated that the United States should be the Morth not back away from its demands on the North. [Senator Sam Ninn, a Georgia Democrat who is the Senate's top military affairs expert, suggested that a further strengthening of U.S. forces in South Korea would be needed as the UN moves to impose economic sanctions on North Korea. Others recommended even closer coopera-tion with China and Japan. Senator Bill Brad-

ley, a New Jersey Democrat, said two potential "vises" on North Korea were the North's reliance on business in Japan for hard currency and on China for electric power. He also sug-gested a high-level military contact by U.S. officers with the Japanese military and that North Korea be informed of the contact by news leak. This signal, by its very ambiguity, could be effective, he said.

[Newt Gingrich of Georgia, a Republican leader in the House, urged closer cooperation with China and Japan as he warned that the situation had become extremely serious.

choices: causing a war, which would bring about the North's destruction; defying the international nuclear inspection regime, which would lead to sanctions and possible financial and social collapse; and accepting international nuclear oversight, which would open the North to trade and contact with the rest of the world.]

While the talks with North Korea over the last year and a half have often seemed an endless eyele of optimistic predictions followed by warnings of impending confrontation, they have never before seemed to carry so much

The International Atomic Energy Agency. which dispatched an inspection team to observe the removal of fuel rods from its main reactor at Yonebyon, says that the North is within days of obliterating evidence of how much nuclear fuel has been diverted to its weapons program. Washington has said that if the evidence is

destroyed, it would have no choice but to seek With the collapse of the talks with the atomic energy agency, an arm of the United Nations, the Security Council was considering a meeting. to issue another warning to the North. But it is unclear whether China, which has veto power. would back the economic sanctions it has con-

sistently opposed.

A call for sanctions would be a major reversal for the State Department, which just two weeks ago began a new effort to engage the North. Both South Korea and Washington dropped several conditions they had required North Korea to fulfill before another round of talks on diplomatic and economic ties.

But from the start, many U.S. officials have viewed the diplomatic engagement of the North as an exercise in self-deception that ignored evidence that Pyongyang would push ahead

with its nuclear program.

That argument has gained credence as the North speeds ahead on replacing more than 8,000 fuel rods, a process that ultimately could produce enough fuel for four or five nuclear

The agency announced Sunday that officials sent to Pyongyang to negotiate had returned to Vienna after the North rejected all IAFA proposals put forward with the aim of main-taining the IAEA's ability to select, segregate and secure fuel rods "

For Palestinians, Promised Aid Is Elusive

By David Hoffman

Washington Posi Service BEIT HANINA, West Bank - Inside the nerve center for Palestinian economic revival Deputy Managing Director Hasan Abu Libdeh

is waiting for the phone to ring. In fact, he's still waiting for the phone to be Council for Development and Reconstruction, the agency set up to translate billions of dollars in foreign aid into jobs and prosperity for Palestinian self-rule, does not have a single

telephone line The Palestinians say Israel's military government in the West Bank is blocking their request for telephones. The military government says it is a problem of poor West Bank infrastructure. Either way, it is a clue to the uncertainty swirling around the ambitious dreams of Palestinian economic renewal and the global rescue plan that is supposed to make it happen.

After the self-rule accord was signed in September between Israel and the Palestine Liberation Organization, nations around the world promised to help the nascent Palestinian Aud after 27 years of Israeli occur tion. At a U.S.-sponsored conference in Washington, \$2.1 billion was pledged to the Palestinians over five years, including \$600 million for the first year.

Seven months later, the global rescue program is looking more like a mirage. So far, only a tiny fraction of the money has trickled in. And now that the Palestinians and Israelis have started to implement their agreement, the Palestinians are facing enormous financial prob-

lems that they are woefully unprepared to solve. For now, Palestinians in the street are still celebrating the arrival of their own police force in the Gaza Strip and the West Bank town of Jericho. But the best and brightest Palestinian technocrats are deeply worried about what will happen when the celebrations fade, when the on the street discover that the ment under their own flag cannot deliver the same services that the Israeli occupiers did.

"We'll be drinking a lot of unsweetened coffee." Mr. Libdeh said. "It will be the real life." The reasons why the money has not yet started flowing from abroad are complex and help illuminate the uncertain nature of the new

Yasser Arafat, the PLO chairman, who sin-See MONEY, Page 5

Rwanda Killing's End: A Rebel Victory?

By Keith B. Richburg

Washington Post Service NAIROB! - With the world horrified by the bloodshed in Rwanda but paralyzed by confusion, indecision or fear, many aid officials, human-rights advocates and Africa watchers now are hoping for a victory by rebel forces to end the tumult.

Such a scenario now seems likely, with the Rwandan Patriotic Front rebels improving their positions in neighborhoods around the capital. Kigali, while advancing on the town of Gitarama, headquarters of Rwanda's rump

With the rebels occupying much of Kigali, including the international airport, the fall of Gitarama would make a complete victory for the repels all but certain, leaving them in con-

New York Times Service

The following article is based on reporting by Thomas L. Friedman, Elaine Sciolino and Pat-

rick E. Tyler and was written by Ms. Scioling.

was in China, and the president was furious.

WASHINGTON - Warren M. Christopher

The secretary of state's high-profile trip in

·larch was supposed to have been the capstone

of the administration's strategy of working in-

tensively with Beijing to resolve their dispute

instead, things were getting worse by the day.

Mr. Christopher was trading insults with the

Chinese authorities, who were preoccupied with their annual National People's Congress, and he was facing harsh criticism from the U.S.

As President Bill Clinton watched his China

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jolicy heading over a cliff, he exploded in front

Chamber of Commerce in Beijing.

over human rights.

trol of most of the country except the west and southwest. That would allow the rebels to dictate the terms of a cease-fire and would leave

them in a position to try to form a government.

Many who have watched Rwanda's horrors say a rebel victory would relieve foreign govern-ments of witnessing mass slaughter while failing to muster the political will to try to stop it.

There is some thinking that if the rebels win, maybe that would take care of the problem for now," said Pauline Baker, a scholar on Africa with the Washington office of the Aspen Insti-

She said some African policymakers were harking back to the "Ethiopian scenario" of May 1991, when the Bush administration virtually invited an advancing guerrilla army to enter the Ethiopian capital, Addis Ababa, as a

Business Looks Good

American companies and Chinese officials

acted swiftly over the weekend to expand trade relations following President Clinion's decision to renew Beijing's special trade sta-tus. Among those industries affected are:

civil aviation, insurance and oil. (Page 19)

of aides in the Oval Office, "What the heil is

The president's outburst, say aides, reflected his frustration not only with his secretary of state but also with a policy that seemed to be turning from a success into a tar baby.

In the end, Mr. Clinton would renew China's

trade privileges and abandon an agonizing an-

nual ritual of linking renewal of trade benefits

to improvements in Beijing's human-rights per-

The story of how he got there, reconstructed

in interviews with senior administration offi-

cials, legislators and business and human-rights

leaders, is a tale of broken campaign promises

and fierce interagency battles, secret diplomacy

Mr. Clinton decided on the central issue of

extending the trade benefits months before his

announcement last Thursday, although he was

Chris doing there now?"

and 11th-hour indecision.

way of ending that country's long civil war while providing for an orderly transition after the fall of the dictator, Mengistu Haile Mariam. Another Rwanda scholar, interviewed in Brussels, said a rebel victory "is what every-

body is hoping for." But this scholar said that policy might in the long term prove "very unwise," since it was unclear how the rebels, representing Rwanda's

long-oppressed Tuisi minority, would be able to form a broadly representative government. "The RPF looks like the angel in this thing," she said, "But to let the RPF win creates another Burundi, where you have a tiny minority in

The populations of both Rwanda and Burun-See RWANDA, Page 5

The Unmaking of Clinton's China Policy

the final moment.

When Mr. Clinton began his presidential campaign, his views on China were shaped as

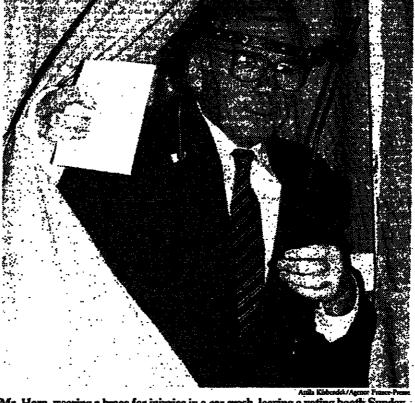
much by his immediate political needs as by

arguments about geopolitics. The Senate majority leader, George J. Mitch-ell of Maine, and the AFL-CIO favored using the threat of withdrawing "most favored na-tion" benefits from China if it did not improve its human-rights record. Candidate Clinton, who needed their support to win the Democratic Party nomination, was not about to contra-

When it came time for the new president to draw up his policy last year, Mr. Mitchell and his allies in Congress threatened to pass legisla-tion withdrawing China's trade benefits if Beijing did not do more to ease repression. To head off such a law, with its inherent inflexibility, Mr. Clinton asked his aides to draft an executive order that would mollify the Democrats in Congress but remain vague enough to allow the president to change course a year later.

With no senior member of the administration opposing the idea, Mr. Clinton signed Presidential Executive Order 12850 at the White House on May 28, 1993. It renewed China's trade benefits for another year but said China must meet two "mandatory" conditions to win another extension in June 1994; end restrictions

See POLICY, Page 5



Kiosk

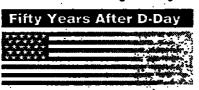
Mr. Horn, wearing a brace for injuries in a car crash, leaving a voting booth Sunday.

Hungary Ex-Communists in Majority

BUDAPEST (AFP) - Hungary's former Communists won a parliamentary majority of at least eight seats Sunday in runoff elections after four years of conservative rule, the national election center said.

Revamped as the Hungarian Socialist Party and led by Gyula Horn, the foreignminister in the Communist government that fell in 1989, the former Communists were certain of getting 197 seats out of 386 in the National Assembly, with 99.92 percent of the vote in, the center said.

Hungary thus appeared set to join Poland in shifting back to the left in a backlash against the pain of market-oriented reforms.



the United States in the half-century since D-Day, a German, Frank Schirrmacher of the Frankfurter Allgemeine Zeitung, and American, Richard Grenier, a cohmunist The Washington Times, examine the conflicts of culture. Page 6.

Taking Tea With the Emperor, Correctly

By T. R. Reid

Washington Post Service
TOKYO — Hushed and respectful, wearing our best suits, nervously reviewing our lessons on imperial etiquette, we stood stiffly at our assigned spots on the thick green carpet of the elegant reception chamber.

Suddenly, the rice-paper doors slid open, and muffled steps could be heard coming down the long palace corridor, "Remember," an earnest gentleman from the Imperial Household Agen-cy hissed, "this is a social occasion."

Well, sort of.

i6-day royal visit to the United States next month, Japan's soft-spoken Emperor Akihito and his wife, the even softer-spoken Empress Michiko, invited a group of American journalists to take tea beneath the graceful fluted roofs of the Imperial Palace.

Beforehand, the reporters were required to attend a one-hour lecture on court history and protocol by the deputy grand master of ceremony, who stemly adjured us not to carry cameras. recorders or even notebooks into the royal

Throughout the 40-minute session with the emperor and the empress, an extremely nervous With final preparations under way for their corps of courtiers and palace bureaucrats kept

stood only in the right places and spoke only at the right times.

And yet the handsome, stylish imperial couple radiated such charm that they managed to give the imperial tea the feeling of a "social occasion" after all.

Relaxed and narry in his trademark doublebreasted suit, with a pure white handkerchief folded into three perfect peaks in his breast pocket, the gray-haired Akihito — now in his sixth year on the Chrysanthemum Throne, the world's oldest ancestral monarchy — seemed

See JAPAN, Page 5

Former Policymaker Opts for Hands-On Health Care

By Paul F. Horvitz International Herald Tribune

BOSTON - To understand Atul Gawande, find the place where medicine, politics and Mohandas K. Gandhi intersect. In Mr. Gawande's case, that turns out to be in close proximity to the White House, Very close,

His journey, through 28 short years of life, from a Hindu upbringing in small-town Ohio to a pivotal role in the creation of America's health-care future, is a



tale of intense energy, undisputed intelligence and prodigious good

In mid-1992, as a campaign beutenant for Governor Bill Clinton, he became a key figure in consolidating and shielding from political attack one of the most potent domestic issues propelling Mr. Clinton to the presidency:

He also, therefore, helped create one of the thorniest policy questions ever to face a U.S. president: how to achieve meaningful health reform in an atmosphere of bare-knuckle politics and en-

Today, as he contemplates that exhilarating and frustrating year inside the Clinton campaign "war room" in Little Rock, Arkansas, and then in Washington, Mr. Gawande can say with authority. 'It blows my mind."

He is a student now, back in the calm of Harvard Medical School, making the relatively mundane decision whether to become an internist surgeon or obstetrician. policy arena, giving talks or writ-tice, just like his parents.

ing articles. Memories from the political battlefield remain fresh. "It's a dream," he said in a recent interview. "To have come from where I've come from, had no concept of what the possibili-ties could have been along the way and having seen at the end of 28 years all the things that I've been

able to see. "Part of it is having been able to sit there with the president of the United States discussing how we're going to solve these prob-

'What's funny is I get that same feeling when I'm in the emergency room and someone has been shot or in a terrible car accident, and you're learning what to do to save these people's lives and make this incredible impact in their lives. "I get the same feeling - al-

When Mr. Gawande refers to "where I've come from," he does not mean only Ohio. It might be equally accurate to start in the rashtra and Gujarat, There, his parents, Atmaram and Sushila, were reared amid the nonviolent struggle for independence led by Gandhi, a figure revered in the Gawande home. Later, Sushila Gawande would recall how the

movie "Gandhi" had profoundly

influenced her son in high school.

She and Atmaram traveled to the United States for medical training, met in New York, married and decided to stay. Born in Brooklyn's melting pot, Atul was sent to a Jewish nursery school, then a Roman Catholic school. then a nonsectarian private school before the family moved to Ohio. His father set up a urology practice, and his mother practiced pe-

By the time he left for college, he said, his path was clear. The boy who had proudly carried his mother's pager would study medi-But he still circulates in the health cine and return to Ohio to prac-



Atul Gawanda on medicine and politics: 'Making an impact.'

that, Mr. Gawande recalls. The world looked much larger. The year was 1984. Gary Hart was running for president, and Mr. Gawande signed on as a volunteer. There were anti-apartheid

pleasure with his own brand of

Westpolitik toward Bonn, tapping

many as the industrial dynamo of

demonstrations to join. He chose to major in two subjects, political science and biology. And it was at Stanford that he met his future wife, Kathleen

Honson. They were married in 1992 in a Hindu-Episcopalian cer-

emony, taking their vows from an adaptation written by Gandhi. "His teachings form the basic values with which my parents really tried to raise me," Mr.

Soon after graduation, he was drawn to a new presidential cam-paign, then-Senator Al Gore's illfated 1988 attempt. The Gore connection led to considerable health-care research in the Washington office of another Tennes-James Cooper, who is sponsoring a major alternative to the White House health-care bill.

Like Mr. Clinton before him, Mr. Gawande won a Rhodes Scholarship to study at Oxford. In England, he raised money for Nelson Mandela's African National Congress and wrote a thesis about Indian-African relations in Natal, South Africa, where a young law-yer named Gandhi first vowed to battle social injustice.

Two years into his medical training at Harvard, Mr. Gawande was diverted by the candidacy of Mr. Clinton. He wrote a chum from the old Gore campaign, Bruce Reed, and volun-teered. Mr. Reed, then Mr. Clinton's top domestic policy aide and now a White House official, persnaded Mr. Gawande to take on a a full-time campaign job, beefing up a vague Clinton health plan.

"Young eager and smart" is how Mr. Reed characterized the new aide. "He was able to steer the campaign clear of all the difficult rocks on the health-care is-

It was bloody political combat on four hours sleep a night, Mr. Gawande recalls. There were political blunders and "mistakes of immaturity," he concedes. But he is philosophical, saying, "Proba-bly the best lesson I learned is that you can bounce back from mis-

tic faxes, speech drafts and briefings all focused on an address Mr. Clinton was to give in New Jersey on Sept. 24, 1992. Mr. Clinton unveiled a newly detailed health reform plan that day to lend off damaging attacks by the cam-paign of President George Bush. The speech was the lead story the

next day in The New York Times. After slipping on the health issue all summer, Mr. Clinton see Democrat, Representative showed his command of the subject in debates and won on Election Day with a surprisingly large number of voters who said health

care was their primary concern. But shifting from campaigning to governing proved dainting. Mr. Gawande says it was like leaving the front-line skirmishes for "the long slog."

From the "war room," he moved to Washington and became a senior adviser in the Department of Health and Human

When the White House gathered a huge health-care task force to draft legislation. Mr. Gawande directed one of its three committees. He had 75 people working vising a benefits package for all Americans, government subsidies for small businesses and the poor, health insurance requirement for employers and a new policy to fold the huge Medicaid program for poor Americans into the over-

Much of the benefits package will probably become law, but the rest is undergoing radical legislative surgery in Congress.

Mr. Gawande returned to med-

ical school last winter because, he says, "That was where my heart was in the long haul."

"I want to be a good doctor," he says, but in the same breath adds: "But I've never been able to stay akes." disengaged from the political pro-His most anxious campaign cess and policy for very long."

WORLD BRIEFS

Saddam Dismisses Prime Minister

BAGHDAD (Renters) - President Saddam Hussein of Iraq disruissed his prime minister on Sunday and took over as head of government to tackle a grave economic crisis. The ruling Revolution Command Council said the change was needed because of the "unjust" United Nanons embargo and "the need for special effort on economic issues to protect the living standards of the papele."

the living standards of the people."

Prime Minister Ahmed Hussein was dismissed after the Iraqi dinar plunged to new lows, sparking a direct attack on him by a newspaper, published by Mr. Saddam's son, Uday. The newspaper, Babel, blamed

the government for the currency's fall. "Is this the curse of sanctions or the curse of confusion?" Babel asked. saying the poor were facing death. "The price of one egg is 13 dinars a kilogram of tomatoes is 20, a kilogram of chicken 340, a kilogram of chicken 340, a kilogram of chicken 340. onions 60, a kilogram of mutton 350." A junior Iraci government clerk carns about 500 dinars a month, a professor perhaps 2,000 dinars.

China and Russia to Strengthen Ties

BEUING (Reuters) - China and Russia on Sunday pledged to strengthen cooperation in military technology and to develop economic

It halled a visit to China by Prime Minister Viktor S. Chernomyrdin of Russia that ended on Sunday as "quite a success." It added, "Both China and Russia have expressed their satisfaction over the 'effective coopera- and Russia have expressed their satisfaction over the 'effective coopera- and Russia have expressed their satisfaction over the 'effective cooperation' in political, economic, scientific, cultural, military spheres and in maintaining public order over the past years and wished to expand and strengthen their cooperations in all these fields."

The two countries will also continue to strengthen their military

technology-related cooperation under the conditions of sticking to and abiding by international obligations as agreed by the two countries, the communique says," the agency added, without giving any details.

U.S. Dispute Hinders War on Drugs

WASHINGTON (WP) -- An unresolved feud in the Clinton administration, which abruptly cut off Peru and Colombia from access to American counterdrug intelligence, has blinded all three nations to the flights of drug-smuggling sincraft and threatened to fracture a brittle alliance against the northward flow of drugs, according to civilian and

military narcotics experts.

The halt in cooperation has created a significant opportunity for traffickers, the experts added. In retaliation for the intelligence cutoff. Peru has banned American AWACS and P-3 surveillance craft from its airspace. Colombia threatened last week to expel two U.S. radges. The two countries had no warning of the May I cutoff. On that day, the U.S. Southern Command suspended operation of U.S. ground-based radges in those countries and stopped allowing their nationals aboard U.S. surveil. lance flights from Panama.

At issue is the use of American flight-tracking data by Colombia and Peru to force down or shoot down suspected drug planes. The Pentagon. supported by the Justice Department, maintains that assisting in the shoot-downs breaks U.S. and international law. Senior State Department officials favor a policy under which the United States would continue to share the tracking data but express official disapproval of attacks in

Northern Forces Shell Aden Airport

SAN'A, Yemen (AFP) - Northern forces have launched a fierce artillery assault on Aden airport to try to keep Southern planes from

attacking advancing troops, a military spokesman said here Sunday.

But the Northern spokesman denied Southern claims that the North had unleashed a missile attack on the Aden, which killed a civilian on Saturday. "The explosions heard in Aden are the result of artillery fired from the legal forces against the air base at Aden airport," the spokesman told the SABA news agency.

There was no confirmation from southern sources of the shelling of the

airport, which is situated between Aden's old city, the port and the

German City Marks Neo-Nazi Attack

SOLINGEN, Germany (Renters) - Politicians and Turkish and Jewish leaders called for a tougher crackdown on far-rightists as 2,500 protesters rallied on Sunday to mark the first anniversary of a neo-Nazi arson that killed live Turks.

Demonstrators railied peacefully in the center of town Solingen and then marched to the site where the immigrant Gene family's house, now torn down, was torched in the bloodiest neo-Nazi assault since German unity in 1990. Johannes Ran, premier of North Rhine-Westphalia, told the crowd that Germany had a greater obligation to battle racism than other countries because of its Nazi past.

Four German rightists went on trial for murder and aroon last month.

accused of torching the house just six months after a similar racist firebombing killed a Turkish woman and two girls in the northern town of Mölln.

Pope Offers His Suffering for Peace

VATICAN CITY (Reuters) — Pope John Paul II, looking fit and speaking from the Vatican's windows for the first time since undergoing said he would offer his p and the protection of the family.

The Pope, who left the hospital on Friday, four weeks after surgery to repair a broken leg, said he would discuss his suffering with the "powerful people on this earth." He is to meet with President Bill Clinton at the Vatican on Friday, and their talks are expected to be dominated by abortion, which the Roman Catholic Church bans.

"I must enide the Church of Christ into the third millenium with prayer, with varied initiatives — but that is not enough," the Pope, 74, said in a clear, strong voice. "I must also suffer — with the attempt on my life 13 years ago, and with this recent sacrifice." The Pope had an alloy replacement inserted on April 29 for part of his right featur after he slipped in his bathroom and broke the limb.

TRAVEL UPDATE

Abu Dhabi to Cut Some Hotel Rates

ABU DHABI (AFP) - The Gulf emirate of Abu Dhabi will halve hotel room prices this summer to attract tourists, an official here said. The 50-percent cut in rates at more than 15 hotels will apply between June and September, said Abdullah Saadi, deputy manager of the state-run Abu Dhabi National Hotels Company, "The decision to slash prices came after detailed studies by tour officials and operators with the aim of activating tourism," he said.

A heat wave in northern India, with temperatures as high as 49 degrees centigrade (120 Fahrenheit), has killed at least 70 people. Striking hotel workers in Bermuda have returned to work after a court

declared their walkout illegal. This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:

MONDAY: Britain, Croatia, Nicaragua, Puerto Rico, United States TUESDAY: Brunei, South Africa, United Arab Emirates.

WEDNESDAY: Kenya

THURSDAY: Austria, Elmuan, Bolivia, Brazil, Chile, Costa Rica, Dominerablic, Liechtenstein, Monaco, Poland, Postngal, Vatican City.

FRIDAY: Bahamas, Ugancia. SATURDAY: Iran, Malaysia, Zambia

Sources: J.P. Morgan, Reuters.

East Germany's Erich Honecker Is Dead

By Wolfgang Saxon New York Times Service

Erich Honecker, the stolid Marxist who ruled East Germany for 18 years until a people's uprising swept him aside in October 1989. died of liver cancer Sunday in Chile. He was 81.

Like other members of East Ger- and their daughter. many's upper echelon, Mr. Hon-

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ecker faced charges in reunited Communist leader did not keep Berlin. He spent time under house him from risking the Kremlin's disarrest and in prison, but his trial lowed to fly to Chile to join his wife in 1971, he maintained East Ger-

was halted by a higher court, which ruled that prosecutors violated the its wealth to bolster his own councivil rights of a very sick man. He try's faltering economy and fiving was freed in January 1993, and al-standards. After coming to power Mr. Honecker's orthodoxy as a the Soviet bloc, and he garnered

international recognition and won a coveted prize when Bonn and Paris received him as a head of

state with full honors. Mr. Honecker successfully steered East Germany from Stalin-ism toward the high-technology pragmatism of a new managerial elite. But his failing health, and his obstinacy in the era of glamost and perestroika proclaimed by President Mikhail S. Gorbachev of the Soviet Union, dramatically eroded him in his last months in power.

After Mr. Honecker's forced res- tory workers and hospital aides. ignation, he was scheduled to face trial for treason, but action was sealed by the unrelenting marches delayed by his failing health, and in
May 1990, the lame-duck East Gerwho wanted to stay and peaceably man authorities, citing his fragile condition, decided not to detain or prosecute him.

In April 1990, the former leader was granted refuge at a Soviet mili-tary hospital in Beelitz, southwest of Berlin, where he and his wife. Margot, lived in isolation and disgrace while his health deteriorated. The German authorities issued a warrant for Mr. Honecker's arrest in late 1990 after discovering documents in which he had ordered guards at the Berlin Wall to shoot anyone seeking to flee to the West. Prosecutors said they wanted to try him on manslaughter charges and for stealing millions in state funds,

but Soviet officers at the military hospital said they were not authorized to turn him over. He was secretly flown to the Soviet Union in March 1991 on erders from Mr. Gorbachev, and he reportedly underwent bowel surgery in a Moscow military hospital

a month later. When the Soviet Union collapsed, Mr. Gorbachev's protective mantle vanished, and President Bc-

UNIVERSITY DEGREE BACHELOR'S • MASTER'S • DOCTORATE For Work Life and Academic Excerience Through Convenient Home Study (310) 471-0306 ext. 23 Fac (310) 471-6456 or send detailed resume the SERVE EVALUATION Pacific Western University 800 N. Sepulvech Blvd., Dept. 22 Los Angales, CA 99049 to deport Mr. Honecker to Germany. The former East German leader fled to the Chilean Embassy in For seven months, he was given

sanctuary by Ambassador Clodomiro Almeyda, who himself had found refuge in East Germany during the Pinochet years in his country. He was returned to Berlin in July last year.

Mr. Honecker's political nosedive had begun in the fall of 1989, when his worker's paradise was belied by a sudden, almost panicky flight westward of working-age families. Tens of thousands of East Germans fled to the West through sudden openings in Budapest and Prague, fearful the gates might close on them. Their exodus sent the East German economy reeling. Soldiers had to do the jobs of fac-

but loudly clamored for change. In October 1989, at a rally mark-

ing the 40th anniversary of the German Democratic Republic, Mr. Honecker still insisted on the rightness of his course, defying the not-Mr. Gorbachev himself. A few days later, he met with leaders of hitherto mute satellite parties - tolerated largely as stage props but now wanting to be heard —and allowed that there was room for some

strations for basic change had gone beyond the point where a show of force might have contained them. The Soviet Union had made it clear that its troops would remain in German barracks. And the leadership in East Berlin knew that East German soldiers and tank drivers were unlikely to fire on their

On Oct. 18, 1989, Mr. Honecker was forced to resign. Calls for his arrest rose with the discovery of hunting lodges and other privileges reserved for the supposedly spartan leadership. Mr. Honecker and others in his old guard were expelled the day his own protégé and hapiess successor. Egon Krenz, also had to quit.

Freed from house arrest, he was diagnosed as having kidney cancer early in January 1990 and entered a hospital for unspecified treatment. Released at the end of the month, he was taken to jail but was freed when a court deemed him too sick for prison. He was by then a wan



Erich Honecker as the East German chief of state.

ember of his old Polithuro to be rate America, and "The Big Drink: detained in a continuing investiga-

E.J. Kahn Jr., 77, a Writer For New Yorker and Author

New York Times Service E.J. Kahn Jr., 77, who used the globe and its peoples and landscapes as canvases for his voluminous writings as a staff writer for The New Yorker magazine since 1937, died Saturday in Holyoke,

The death was caused by injuries suffered on Friday in an auto acci-

Mr. Kahn had reported for more than a generation from the nooks and crannies of the world, bringing his talents, an eye for the bizarre scene and an ear for the revealing ounte to an outpouring of magazine articles and books while using the offices of The New Yorker as a base for his wanderings.

His book, "The Separated People: A Look at Contemporary South Africa," published by W.W. Norton in 1968, was the result of three months devoted to visiting the country and interviewing its people, black and white.

The reporting and writing of his that probably created the most attention involved profiles of many public personalities: David Rocke feller, John Hay Whitney, Joe Pepitone, Herbert Bayard Swope, the king of Morocco, and Frank Smatra, among them. He also turned his eye to corpohistorical relationship between the United States and China. Dorothy H. Davis, 77, a Pilot In U.S. During World War II

The Story of Coca-Cola" was pub-

lished by Random House in 1960.

to political intrigue, his book "The China Hands: America's Foreign

Service Officers and What Befell

Them" (Viking, 1975) dealt with

the engrossing cast of characters

caught up in this period of the

Switching from corporate affairs

New York Times Service Dorothy H. Davis, 77, one of the elite group of female pilots who won their wings and the respect of their male colleagues flying mili-tary aircraft during World War II, died Wednesday at her home in San Francisco.

Miss Davis suffered from Parkinson's disease and cancer. Kalman Keri, 92, Army Chief In Hungary in Nazi-Pact Era

BUDAPEST (AP) — Kalman Keri, 92, the Hungarian Army's chief of stall in World War II, has died after a long illness, media reports said Friday. Mr. Keri died late Thursday, the state news agency MTI reported. It

gave no cause of death. Mr. Keri was appointed chief of staff in 1944, when he participated in a failed attempt by Hungary's wartime leader, Admiral Miklos Horthy, to break his alliance with

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Away From Politics

A single-engine plane crash-landed on a golf course in Leonardtown, Maryland, missing the fairway and splashing into a pond. Nei-

ther the pilot nor the 70 to 80 golfers on the

course were injured. "He just hit the pond

and that was it, and they played right through," a police officer said.

● Up to 25,000 Hispanics marched through

central Los Angeles to protest what partici-pants called a growing sentiment in Califor-

mia and the nation against both legal and

theory of relativity might be simpler than ex-

plaining why not everyone is thrilled with a film

The film, "LQ.," is not even finished yet. The

movie-makers have shot some scenes in a little

white house down the street from Einstein's

own little white house. They have shot other

scenes at the Institute for Advanced Study, the

high-powered think tank where he tinkered

with equations from the late 1930s until his

death in 1955 (and where officials wince at the

For brief moments in the last few weeks, they

have replaced the BMW's, Volvos and Merce-deses that crowd the streets here with 1950s

Detroit steel: sedans, coupes, even a Chevrolet

term "high-powered think tank").

pickup truck.

starring Walter Matthau as Albert Einstein.

want to see him Hollywoodized," said Peter Panagos, an institute faculty member who met Einstein in the late 1940s. "I didn't know how cutesy-pie this whole thing would be."

Atle Selberg, a professor emeritus at the tastitute, said that the Einstein in "I.Q." "seems

dy, perhaps, but not about Einstein."

Meg Ryan as Einstein's niece and Tim Robbins as a ne'er-do-well car mechanic that Einstein is determined to make her fall in love with.

WASHINGTON - Not satisfied with video

cameras, many retail stores, restaurants and fast

food outlets are expanding their surveillance by

.They say the devices, which record conversa-

tions on tape, give shopkeepers another tool to

prevent their, whether by burglars or employees, and to monitor how workers treat customers.

But some can also pick up conversations in

booths 25 feet away. The use of concealed cameras,

some secreted behind one-way mirrors in depart-

A South Florida security company, U.S. Arms.

has installed at least 1,000 hidden microphones in

retail stores, said the company's owner, Allan

Lawrence. "Audio is so much bigger than video."

he said. "Video tells you who it is, but audio tells

Mr. Lawrence said he had sold dime-sized mi-

crophones to department stores that put them in

ment stores, is also rising.

you what they're doing."

tucking tiny electronic ears in secluded places.

Einstein Funny? Princeton Has Doubts

THE AMERICAS / DOR

think tank has been renamed the Paine Insti-

The movie-makers have been uprooting 1990s mailboxes and parking meters and filling store windows with 1950s displays. "I was walking along, and I saw these shoes

in the window and thought, 'Oh, wow, finally

person, and I don't want to see him Hollywoodized. I didn't know how cutesy-pie

Peter Panagos, an institute faculty

mamity and State Affairs at Princeton Universi-

ducers' promises of a financial bonanza for the

"Two years ago, they had a governors' con-

clothing racks so the stores could eavesdrop on customers who might be working together to steal

merchandise. He said his sales had surged in just

the last six months; partly because the systems

A system for a small store, with eight micro-

phones and an endless-loop tape machine, would

cost about \$7,000, he said. "Restaurants have them

in the kitchens because a lot of stuff goes out the

Audio serveillance appears to be so new that

most advocates of consumer privacy interviewed, including Robert Ellis Smith, publisher of the

monthly Privacy Journal in Providence, Rhode

Some companies that sell surveillance gear are

steering clear of audio systems because of potential

legal challenges. Except when serious crime is

involved, federal law prohibits eavesdropping un-

less one of the two participants in a conversation

Island, said they had never heard of it.

He remains on alert.

"They wanted to go into Mercer Street by pursued, that they are not punished Einstein's house at 7 in the morning," Mr. if they have to leave the embassy."

That gave the cast two more hours to eat bagels from Alfred Kahn's shop. He knew exactly where he was going with the delivery.

no idea to whom he was speaking, being 5 or 6 years old, but I knew this was a famous guy."

He has only one concern about the movie: that Mr. Matthau is too tall to be Einstein. "I remember my grandfather used to tower over him," Mr. Kahn said.

myth is that Einstein's office was locked after his death and equations remain scribbled in the dust on his desk. Norman McNatt, an institute official, said that the room had long since been reassigned and redecorated. "Einstein kept to himself most of the time."

said Mark Darby, another staff member at the institute. "He did write articles with other people, but he didn't hang out. He wasn't convivial or outer-directed. I don't know how you take someone like that and move a comic plot in a

"Einstein was affable enough," he said. "People always said that if you ran into him on the street, he said hello. A maid who'd walk along with him remembers their conversations. The stereotypical Princeton professor doesn't talk to people. This is not Harvard, but it's still not the friendliest place in the world."

CIA and FBI Seek Delay In Hearings for Spy

WASHINGTON - The House and Senate intelligence committees have been asked by Justice Department officials to delay their possi-ble questioning of the confessed spy Aldrich Hazen Ames until the FBI and the Central Intelligence Agency have finished debriefing

The officials have argued that interrupting the interrogation of Mr. Ames, who faces a life prison term after pleading guilty to spying for Moscow, for Capitol Hill appearances could have a harmful elfect on what investigators hope to learn from him.

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Once-Bold Mafia Loses Its Swagger

By Selwyn Raab

NEW YORK - Not so long ago, when the Mafia was an expanding industry, mobsters in the New York area were so indifferent to lawenforcement surveillance that they talked freely in their clubhouses, exchanged traditional kisses on the cheek at street meetings and often mocked investigators who trailed them.

But buffeted by convictions, electronic spying by investigators, top-level defections and deadly internal feuds, many leaders and soldiers in New York's five Mafia families are altering their underworld way of life. Law-enforcement officials assert that a wide-

spread fear among Matiosi of being infiltrated by informers or even observed talking with each other has compelled Mafia members in New York and New Jersey to take extraordinary defensive measures. The difficulties for New York's five en-

trenched families and two smaller ones in New Jersey stem largely from the successes of campaigns begun 10 years ago by federal and state

Cubans Ask

For Asylum

In Embassy

Agence France-Presse

law-enforcement agencies. In the last five years, more than 300 top- and middle-echelon leaders in the seven families have been convicted or are awaiting trial, prosecutors say.

As examples of the mob's new defensive tactics, officials cited these recent develop-

• The Raveniue Social club, the Gambino crime family's favorite gathering spot in the "Little Italy" section of New York for more than 30 years, is shuttered six days a week.

The storefront club on Mulberry Street was

the daily headquarters for John Gotti, who prosecutors charged was the boss of the family, before his conviction and imprisonment in 1992 on racketeering and murder charges. It is occa-sionally open on Wednesday nights when Mr. Gotti's brother, Peter, meets with a few loval-

• Genovese crime family members some-times travel to meetings curled up on a car floor or in the trunk to avoid being tracked by

• Members in several families have been ordered never to utter the real names of leaders and to refer to them in conversations throughoing to mov code names or by hand signals.

 in some families, soldiers are rejecting pro-aving conces motions to capos, the captains of crews or units. apparently for fear it would make them auto-hard Nixon'

matic targets of law-enforcement agencies. officials me Signs have blossomed in many mob clubs sador to the warning: "Don't talk. This place is bugged." a secret envoy

"They've become so paranoid about being' bugged that I wouldn't be surprised this sum-ael H. Armamer if they hold meetings on the beach in an, who was swimsuits," said Joseph J. Coffey, the head of eleadership: intelligence for the New York State Organized tures to cover

Crime Task Force. the adminis-Since 1990, most of the Mafia's roster of link between bosses, underbosses and acting bosses in New Itly. York and New Jersey have been sentenced to bey invited a long prison terms on racketeering charges or : jamming of have defected to testify against their former promised to underworld colleagues.

Additionally, authorities say that prosecu-. 1 dissidents. tions and civil suits have uprooted the Mafia's y agreed to control of major unions in the New York re- askington on gion.

as gave the

le to say that of the execuesident had

ceded China o deal with as Security ry Treasury it that when of humanworlds: The

lusive

Schools do not have to allow students who

"Albert was a very fine person, and I don't

to me to be rather out of character." The movie, he added, "may be a good come-

Nor is it about physics. The comedy features

For the record, Einstein had no niece and the

GETTING OUT THE FLAG — Six-year-old Veronica Mrez beading for an open area of Glendale Cemetery in Des Moines,

lowa, to help her father's Boy Scout troop mark veterans' graves in preparation for Memorial Day ceremonies.

are Sikhs to wear a small dagger, which is

considered a symbol of religious devotion, a

federal judge in California has ruled. School

officials in Livingston, California, had re-

fused to allow the knives, called kirpans. A Sikh family sued, claiming the policy placed an unlawful burden on their freedom of reli-

• Officials at The Citadel, one of the nation's

last two public all-male military colleges.

have been ordered by a federal judge to begin

preparing a plan for co-education. The order by Judge C. Weston Houck indicates that he

'Albert was a very fine

this whole thing would

member.

they're getting clothes in this town that I'll buy," said Pamela Hersh, the director of Com-

There were the usual street closings to ac-commodate the shooting schedule. And there was Ray Wadsworth, who feared that the pro-

"Tm sick and tired of people coming into Princeton and changing our lives," said Mr. Wadsworth, who owns a flower shop and a bakery and is on the Princeton Borough Com-

have become cheaper.

back door," he said.

knows about it.

Bugs Beat Shoplifters, Stores Find

By James Barron

The problem: She is engaged to a somewhat

New York Times Service

Stody researcher at a certain high-powered think tank.

The problem: She is engaged to a somewhat stody researcher at a certain high-powered think tank.

The problem: She is engaged to a somewhat stody researcher at a certain high-powered think tank.

may soon force the college in Charleston,

South Carolina, to admit women. Judge

Houck also ordered officials at the college to

develop a program to deal with any incidents

of sexual harassment or abuse that could

• Three Chinese men detained in New York

for nearly a year since the freighter in which

they were being smuggled ran aground have been released by immigration authorities. A

judge had granted them political asylum on

the grounds of China's coercive population-

result from the inclusion of women.

Wadsworth said. "I told them, 'You can't do that, go in at 9.' They did."

"My grandfather used to deliver milk over are," Mr. Kahn said. "I don't know whether they were speaking German or Yiddish. I had

They remember him at the institute, too. The

movie by being jovial."

HAVANA — A spectacular oc-cupation of the Belgian Embassy by more than 100 Cubans seeking asylum raised the specter for the government Sunday of a new wave of embassy takeovers. Cuban police were surrounding the Belgian ambassador's residence in the Miramar section of West

Havana, where as many as 124 peo-ple, among them 24 children, broke The asylum seekers appeared well organized, taking advantage of a weakness in the residence's sur-

veillance system. They gathered secretly in a neighboring square. rushed the entry gate and scaled the security fence shortly after noon. The Cuban foreign minister, Roberto Robaina, acknowledged the

unusual size of the group, but reas-

serted the government's policy of not dealing with people trying to obtain asylum through "pressure and force." "This is not the way, the mechanism to follow for those who want to leave the country," Mr. Robaina

In Belgium, Foreign Minister Willy Claes signaled that the Cubans would not be allowed to sta Well, you only burn Ray Wadsworth one in the residence. He told Belgian radio: "We will attempt to ensure at least that these people are not

said. He asked the asylum seekers

to leave the grounds voluntarily.

In the most recent embassy takeover, eight Cubans who entered the Belgian ambassador's residence in January surrendered peacefully a month later after Belgium secured formal assurances from Cuban authorities that the eight would face

Chipping in for Chopper Trip

WASHINGTON — Thirteen senior White House officials have volunteered to help a dismissed senior aide repay the government the \$13,129.66 cost of his helicopter trip to play golf near the presidential retreat at Camp David, Maryland, and the White House acknowledged that a

second belicopter took part in the outing.
In his resignation letter, the aide, David Watkins. was unrepentant, "I firmly believe that my actions were in fulfillment of the responsibilities of my position," said Mr. Watkins, who was head of the White House Office of Administration. Mr. Watkins, a longtime friend of President Bill

Clinton and his wife, Hillary Rodham Clinton, said that "there simply was no effort on my part to use White House or military equipment for personal or recreational purposes" and that his "sole motivation was determining how you could utilize Camp David more frequently.

The White House chief of staff, Thomas F. (Mack) McLarty, who is among those contributing to repay the cost of the helicopters, called the decision by Mr. Watkins to take the flight to play golf "an unfortunate error."

The aides contributing to the repayment fund included nearly the entire senior White House hierarchy, including the two deputy chiefs of staff, Philip Lader and Harold Ickes; the special counsel. Lloyd N. Cutler, and George Stephanopoulos and David R. Gergen, special advisers. A source said the idea of having White House staffers contribute to the repayment fund arose when Mr. Watkins

balked at paying the full amount.

Mr. Clinton said he was "very upset" when he learned that Mr. Watkins and Alphonso Maldon Jr., director of the White House Military Office. had taken one of the presidential helicopters last Tuesday for the golf outing. A second aircraft went along on a training flight. Mr. Maldon, who was acting under Mr. Watkins's orders, is being reassigned.

(WP)

A Small World for President

NEW YORK - The judge assigned to the sexual harassment case against President Clinton was once his student and campaigned against him in his unsuccessful run for Congress in 1974, a newspaper specializing in legal issues reported

The report in the weekly National Law Journal depicts what might be interpreted as an adversarial relationship between Mr. Clinton and the U.S. District Court judge, Susan Webber Wright. Sources in Arkansas legal circles, however, said

the past association between the president and Judge Wright was no cause for concern. She is viewed as highly competent by members of the Arkansas Bar, including Mr. Clinton's private law-yer in the state capital, Little Rock.

"She's solid." Stephen Engstrom said of Judge

Wright. Mr. Engstrom is assisting Robert S. Bennett, a Washington lawyer, in Mr. Clinton's defense against a sexual harassment lawsuit brought by Paula Corbin Jones, a former Arkansas state In 1974, Miss Wright served as a volunteer in the

campaign of Representative John Paul Hammer-schmidt, a Republican, when Mr. Clinton tried unsuccessfully to unseat him. Mr. Clinton also taught Miss Wright during his time as a professor of law at the University of Arkansas in the mid-

Judge Wright, a Republican, was appointed to the beach in 1989 by President George Bush. She was assigned the Jones lawsuit at random.

Rostenkowski Rejects a Deal

WASHINGTON - Representative Dan Rostenkowski, Democrat of Illinois, has rejected a proposed plea agreement that would allow him to avert a broad criminal indictment on federal corruption charges, according to lawyers involved in

Mr. Rostenkowski's lawyers, who are still urging him to accept the agreement, have told federal prosecutors of the decision but asked them not to consider it final until the government's deadline on Tuesday, in the hope that he might change his mind. But there appeared to be no firm reason for thinking he might do so, the lawyers said.

Without an agreement, prosecutors plan to seek a federal grand jury indictment on Tuesday accus-ing Mr. Rostenkowski of more than a dozen corruption charges, lawyers in the case said. The charges include taking thousands of dollars in cash payments from the House post office disguised as stamp purchases, converting a government-leased vehicle to his personal use and putting people on his office payroll who did no work. Mr. Rostenkowski, chairman of the House Ways and Means Committee, has denied any wrongdoing. (NYT)

Quote/Unquote

President Clinton in a radio address: "In this new era, we cannot dispatch our troops to solve every problem where our values are offended by human misery. And we should not. But we are prepared to defend ourselves and our fundamental interests when they are threatened."

Colombian Elections Get Under Way Peacefully

BOGOTA — Colombians emerging from an era of bombings and assassinations voted for a new president on Sunday, with the two ding candidates both survivors

of their own brushes with violence. The architect of much of the mayhem. Pablo Escobar Gaviria. the drug kingpin, is now dead, and Colombians hope the next president's term will be one of relative

President Cesar Gaviria Trujillo reflected an upbeat feeling among many voters at polling stations in Bogotá. "The elections have begun in total peace," he said after voting.

The president, limited by the constitution to one term, urged Colombians to turn out en masse to defeat violence and consolidate democracy." Three presidential candidates

were assassinated before the last

election, held in 1990. Soldiers patrolled parking lots and plazas where voters marked paper ballots and put them into cardboard boxes Sunday. Leftist rebels had threatened to disrupt voting, but no major incidents were

Samper, an economist of the ruling Liberal Party, and Andres Pastrana of the Conservative Party, a former senator, Bogotá mayor and television newscaster. Mr. Samper survived an assassi-

nation attempt in 1989 - three of

the 11 bullets that were fired into

him remain lodged in his body -

and Mr. Pastrana was kidnapped previous year. Neither was expected to win the majority needed to avoid a June 19 runoff, according to pre-election opinion polls. Final results were

expected Monday. Mr. Samper and Mr. Pastrana have similar platforms, with the major difference being the pace of economic reform.

Mr. Samper says the state should move more slowly in lowering trade barriers and selling off state industries, and cushion the effect on workers with subsidies. Mr. Pastrana believes in continuing with Mr. Gaviria's accelerated program.

a shootout with security forces on Dec. 2, the government won its war with the Medellin cartel. But the Cali cartel, which clan-

With the death of Mr. Escobar in

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The government has been negoing for three decades. Mr. Samper tiating surrender terms with the has said he would open talks un-Cali kingpins in exchange for le-conditionally, but Mr. Pastrana niency. Some Colombians fear that wants to see the rebels make conif the surrender talks fail and the crete proposals first.

Advertising Section on

destinely helped the government fight the rival Medellin gang, has

supplier of cocaine, and, according

to law-enforcement officials, has

infiltrated and corrupted many lev-

els of Colombia's government.

EUROPEAN UNION:

Among the topics to be covered are:

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The selling off of state enterprises

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Herald Tribune

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The Palesare intergood back or, rather want. But re not in a

government gets tough with the Cali cartel, the days of bombings now become the world's biggest and assassinations will return. Both leading presidential candidates have also said they want to talk peace with Colombia's 10,000

leftist rebels, who have been light-

On June 24th, the IHT will publish an

Where It's Working

Deregulation's effect on the airline industry.

Transport — the elimination of border

This section coincides with the EU summit meeting in Corfu. For information about advertising in this

Herald OTERNATIONAL Tribune

Rwanda: At Least Do This

doing something seriously wrong in Rwanda. In mid-May they voted to take certain measures, including the dispatch of additional peacekeeping troops, to contain the slaughter, offer relief to the survivors and give backing to diplomatic attempts to bring about a ceasefire. The Security Council decided on this program -a very modest one considering the scale of the inferno - in order to meet the prudent objections of its members, especially the United States. But having marched up the hill of promises, the United Nations is collapsing on delivery. It is not putting into effect even its own minimal program to deal with one of the great human-rights tragedies of

contemporary times. UN Secretary-General Butros Butros Ghali calls it a scandal and a failure. Some may smart under the criticism. But others seem to be taking palpable relief in having not been drawn into a Somalia-like engagement where there is no structure or working government to bolster, only a condition of chaos and anarchy to avoid.

This is understandable as a reaction to political pressures not to get involved. Few Americans claim the United States has a "national interest" in saving Rwanda. But

With good reason, Mr. Butros Ghali also calls what is taking place in Rwanda "genocide." This is the deadliest of political sins and one that the company of nations has outlawed and pledged to prevent. Yet here are otherwise unoffending people being killed in the hundreds of thousands, and being displaced in the millions, on the basis of tribal or ethnic distinctions. Most other countries appear little disposed to act, even to recognize a special problem compelling response.

At the least, international sentiment ought

to be roused behind a call for an immediate cease-fire. The countries ready to provide peacekeeping forces — Ghana, Ethiopia and - ought to be joined by others and enabled to begin their mission at once. As much of an international presence as possible ought to be mobilized to give pause to the Hutu army, chief perpetrators of the slaughter. Humanitarian aid can be provided, per haps best now at the borders. No one would say that responses of this order at all match the need. But they are a down payment on a fuller recognition that nowhere should genocide be regarded as regrettable but too inconvenient to do anything about.

-THE WASHINGTON POST.

The Rumbling in Europe

Migration is becoming one of the great forces changing the world's politics, and nowhere more dramatically than in Europe. For a generation after World War II, Western Europe was largely segregated from the populations to its east and south by the Iron Curtain and the Mediterranean. In the 1990s, an era of cheap travel and relaxed border controls, millions of people are on the move. drawn by prosperity and pushed by fear and war at home. Many Europeans, in reaction to this new pressure, feel beleaguered. It is reflected in the way they think about the world. and the way they vote.

In Germany, one of every 12 residents is not a citizen. That is almost twice the pro-portion in the United States — although it is the United States that traditionally welcomes immigrants and Germany that traditionally does not. Some of the noncitizens in Germany have been there for a long time. like the Turkish workers who arrived in the 1960s. But there are also nearly 400,000 refugees from ex-Yugoslavia. And Austria is carrying, in relation to its size, an even heavier burden of Yugoslav refugees.

Poland is accustomed to thinking of itself as a poor country. Long before its Communist regime fell it allowed Poles to travel westward. generally as peddlers or day laborers, generally working illegally. But now Poland has become aware of peddlers and day laborers filtering across its own eastern border, especially from the economic disaster in Ukraine. With mixed feelings, Poles have begun to realize that by the standards of much of the rest of the world their country is a model

of prosperity and a desirable destination. France in particular is feeling the effects of long economic stagnation throughout North Africa, and the sharpening tension between the government and Muslim fundamentalists in Algeria, But asylum-seekers from sub-Saharan Africa tend to go to Germany, perhaps because of the generous social benefits there.

One consequence of the civil wars and tribal rivalries in Africa, little noticed in the United States, is the steady drift of refugees northward. For those who can get a plane ticket, even a wretched life on the streets of a European city selling trinkets to tourists may be preferable to conditions at home.

Since the African and Asian newcomers have darker skins than the Europeans, resentment of them is often couched in explicitly racist terms. And since the respectable politi-cal parties will have nothing to do with racism, the subject of population movements is often left to the less-than-respectable. The results are clearest in Germany, where immigration is heaviest. But similar rumbling is audible in every European country. Even lawabiding people of the most humane instincts find this rapid inflow of strangers to be troubling - a drain on public budgets and a threat to the customs of communities far more accustomed to homogeneity than, say, most of their counterparts in the United States.

The pressures of migration keep rising around the world. Dealing with them fairly and decently is close to the top of the list of urgent necessities that, in the 1990s, are taking

Europe's politicians by surprise. - THE WASHINGTON POST.

Close the Hi-Tech Window

of U.S. high-technology exports in the past — exports that they could use to make bombs. Yet even as nuclear proliferation emerges as the principal threat to America's security, bills wending their way through the Senate and House would make it even easier for renegade states to obtain U.S. technology useful for

building bombs. The technology of concern has both civilian and military uses, like machine tools for grinding bomb parts to exacting specifications and devices known as krytrons, electronic triggers used to fire up photocopying machines that can also serve as nuclear detonators.

Some relaxation of export controls makes sense. For instance, U.S. exporters are entitled to a level playing field when it comes to getting expeditious licensing decisions. A 90day deadline for decisions embodied in these bills would reduce the chance of foreign competitors sealing deals while U.S. companies wait for license approvals.

But the laissez-faire licensing envisaged in these bills goes too far to boost exports at the expense of preventing proliferation. Congress needs to redraft them.

Easy waivers of reasonable regulations, as provided in the proposed legislation, are unjustified. The Senate bill, for instance, authorizes the secretary of commerce, acting alone, to grant relief from export controls. That is a clear conflict since the Commerce Department's prime purpose is to promote U.S. exports. Other agencies charged with curbing proliferation, such as the Defense and State departments, need to be involved in such decisions.

The bills rightly reflect the fact that U.S. export controls will not work when too many suppliers abroad refuse to abide by them, putting American manufacturers at a compettive disadvantage. But multilateral controls have usually been established when the United States imposed tough standards of its own and persuaded other states to follow its lead. And that takes time.

Nuclear-arms makers in Iraq, Iran, India and Pakistan were just some of the recipients

The bills, however, do not allow much time; they mandate that the U.S. government relax its own controls within 18 months if they are not adopted by other supplier states. But knowing that U.S. controls will expire can only reduce the incentive for others to follow suit. That will lead to the lowest common denominator of international control - or none at all.

The bills also fail to require the collection of data that would make it easier to detect and stop proliferators. The U.S. Customs Service wants to require shippers to file export declarations electronically in advance for all goods, licensed or not, identifying the product being transported and its ultimate destination. That would enable U.S. agencies to identify patterns of suspicious shipments and sometimes seize unlawful exports before they embark.

The General Accounting Office has documented how, even under existing law, the United States has too often failed to prevent shipment of dangerous technology to wouldbe nuclear-weapons states. From 1988 to 1990, for instance, of the 410 applications that U.S. companies filed to export nuclear-related technology to Iraq, only 5 percent were turned down. One-third of the 89 applications to ship to sensitive end-users like the Iraqi Ministry of Defense were approved.

The GAO found equally lax patterns for exports to Iran, Pakistan and India. Prudent licensing regulations, carefully drawn_expeditiously implemented and studiously monitored, could prevent a dangerous repetition.

The job loss from such regulation is minimal. In 1992, for instance, U.S. export of manufactured goods totaled \$447 billion. Only \$18 billion — barely 4 percent — required a license to be shipped abroad. Licenses were denied for less than \$700 million worth of goods, or one-tenth of 1 percent of all manufactured goods exported.

In a \$6 trillion economy, that does not affect many jobs. It is a fair price to pay to prevent proliferation from getting out of control. - THE NEW YORK TIMES.



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Herald International Cribune. U.S. Asia Policy Is Finally Getting on Track

WASHINGTON —In matters of diplomacy it could be said that those who do not know reality will sooner or later discover it. President Bill Clinton and his advisers, having alienated many countries in Asia by applying well-intentioned but poorly conceived policies,

are starting to take a more pragmatic approach. Mr. Clinton's decision last week to continue most-favored-nation trading benefits for China and no longer make renewal of these benefits conditional on Beijing's human rights performance was a step in the right direction. There have been others, some less publicized, which suggest that the administration has been rethink-

ing its Asia policy.

The seasoning of U.S. policy is evident with India. There the Clinton administration at first launched policy initiatives on the two most sensitive issues: the Kashmir dispute and security relations between Pakistan and India. The program of economic liberalization being carried out by the Indian government was largely overlooked. The result: very little progress toward resolving either of the sensitive issues and a cooling of U.S.-Indian relations.

However, during the recent visit to Washington by Prime Minister P. V. Narasimha Rao, useful efforts were made by Mr. Clinton and his aides to set matters right. Regional nuclear proliferation was played down; Kashmir was relegated to bilateral discussions between India

By William Clark Jr.

and Pakistan. The emphasis was shifted to economics, where the United States and India have considerable interests in common Overall American policy toward India is now approaching a more sensible posture.
The Clinton administration is still formally con-

sidering whether to withdraw low-tariff trade privileges from populous Indonesia. It has said that it may do so by August unless the rights of Indone-

sian workers are improved.

In April, the United States sought to put the issue of labor standards in developing nations onto the agenda of the World Trade Organization, to be GATT's successor, despite opposition from many Asian states, which regard the move as an attempt to blunt their competitive advan-tage. As in the case of China and human rights, Washington has adopted a less strident tone on

washington has adopted a less stratent tone on these issues. Quiet but persistent diplomacy promises better long-term results.

With Singapore, Mr. Clinton intervened personally in the case of the young American, Michael Fay, who was sentenced to be caned for vandalizing cars. The U.S. trade representative Michael Kantor, who evidently was outraped by Mickey Kantor, who evidently was outraged by the caning, said that the United States opposed Singapore's bid to host the first ministerial meet-ing of the World Trade Organization next year.

Since then, however, the administration has distanced itself from Mr. Kantor's stance. His

veto will not hold; that, too, is the right policy. The United States has moved out of reverse gear in its trade talks with Japan. Washington was unyielding in February, working on the assumption that Tokyo would fold under pressure. Having failed to obtain immerical targets on trade, Mr. Clinton invoked the threat of sanctions, and the negotiations with Japan were broken off. Although the government of Prime Minister Morihiro Hosokawa collapsed for other reasons, the Japanese still refused to make the concessions demanded by Washington. Now, following the relatively narrow agreement reached Tuesday on how to measure access to

Japanese markets, the talks are to resume. In all these cases, U.S. policy, though still fragmented, is moving in the right direction. The downside is that the Clinton administration have still the control of the c tion, having staked out untenable positions that angered Asian nations, now gives the appearance of backing down instead of finding its footing. It will take some time to regain the credibility America has lost during this learning period.

The writer, a former U.S. assistant secretary of state for East Asian and Pacific affairs, is senior adviser at the Center for Strategic and International Studies in Washington. He contributed this comment to the International Herald Tribune.

Credit Clinton With a Pragmatic New Approach

WASHINGTON — Not a mo-ment too soon, the Clinton administration has reversed elements of what was fast becoming a failed Asian economic policy. For

that it deserves much credit. By taking new action to support the dollar and revising approaches to Japan and China. President Bill Clinton is leaving behind "aggres-sive unilateralism." an attitude that shook global confidence in his administration. No doubt, he will be criticized for flip-flopping. What is important is that Mr.

Clinton is now doing the right thing in three critical areas that can yield dividends not just for the U.S. economy but for the global economy.

First was his decision in late

April to join with other countries in an effort to prop up the dollar. The U.S. currency, as Treasury Secre-tary Lloyd Bentsen said, had fallen "beyond what is justified by economic fundamentals," notably against the yen. And it was sinking despite the tightening of interest rates by the Federal Reserve Board. Mr. Bentsen instituted "benign neglect" of the dollar's decline against the yen a year ago as part of the effort to reduce Japan's trade surplus with the United States. A

costlier yen, it was reasoned, would

limit Japanese exports to America. The dollar declined, with no no-

By Hobart Rowen

imbalances, raising questions abroad about the management of the U.S. economy and contributing to the recent volatility of the stock and bond markets.

Treasury officials at first tried to pretend that the problem was the strength of the yen, not the weakness

He is doing the right thing in three areas of great economic import.

of the dollar. But that excuse didn't markets may not work to the extent Mr. Bentsen hopes. But at least he has now junked the open invitation he had extended for the dollar to decline, always a dangerous gamble.
The second major policy adjustment was Mr. Clinton's decision

Tuesday to withdraw the misguided effort he had launched to force Japan to set numerical import goals for a number of products. Despite denials by trade officials that such import quotas had been sought, this led to a breakdown of trade negotiations.

The new, softer approach may produce no greater access to Japa-

ticeable effect on U.S.-Japan trade ness markets than the old threat of unilateral sanctions. Yet recognition that there is more to the U.S.-Japan relationship than trade is an impor-tant first for the Clinton administration and a rebuke to the trade hawks who have until now dominated U.S.

relationships with Japan. Wiser heads absorbed the message conveyed by financial markets. As a Salomon Brothers Inc. report put it: "The Clinton administration is learning that there are limits to the ability of a single country - especially one with a current deficit - to run policies that are viewed as unac-ceptable by international investors."

The administration had argued rightly that the time had come for Japan to reduce its huge global sur-pluses. Most of America's European partners agree. But they never endorsed Washington's unilateral

tactics, fearing they might be next.

The third element in the new Clinton Asian economic policy, announced Thursday, is extension of most-favored-nation trade privileges, reversing the president's pledge to withdraw those privileges if China failed significantly to improve its human rights record.

Mr. Clinton's heart was in the

right place when he made that pledge. Despite recent economic

gains in China, Beijing's record on human rights remains abysmal. But there is convincing evidence that manipulation of trade privi-leges is the wrong lever with which to achieve the human rights goal. As Senator Bill Bradley and others have suggested, there must be a bet-ter way to enhance human rights without scuttling U.S. trade with China — which, by the way, en-joyed a \$23 billion surplus with the

United States last year.

By decoupling trade privileges from human rights, Mr. Chinton admits that he made a tactical error. It remains to be seen whether he will proceed to keep a focus on the rights issue, while building a new

relationship with China. One modest proposal worth considering comes from Human Rights Watch, which urges American corperations to take a "proactive" hu-man rights stance while doing business in China. Examples of such a policy: Companies would shun use of prison labor and would protect

employees' right of free expression.
There is daylight at the end of this tunnel. Mr. Clinton was being credibility in Asia. Belatedly, he is trying: to alter the international view of the United States as, in the words of his Asia expert, Winston Lord, "an international nanny, if not bully." The Washington Post.

Why Seoul Should Stand Firm

By Gerald Segal

S EOUL — In a step that could lead

To sauctions against North North
the International Atomic Energy
Agency reported to the UN Security
Council on Friday that Pyongying's
failure to allow full inspection of a key
muclear practor might make it indees! moder reactor might make it imposs ble to verify whether weapons grade plutonium had been diverted.

The agency had earlier demanded in vain, that removal of fuel rods from

the atomic reactor be halted.
That events on the Korean Peninsula have reached this critical point shows the limits of China's influence in and insight about, North Korea Beijing has argued that the international community should use incengives, not pressure, against Pyonsyan. Yet the North has scorned the incentives and defied the outside world.

In the process, it has humiliated Chinese diplomacy. North Korean officials now readily accuse their old Chinese allies of duplicity. The Stalinist regime of Kinn II Sung may well regard the reform and opening of China, which Beijing has suggested Pyongyang should follow, as a recipe for chaos and capitalist subversion. Ispan has been more consistent than China toward North Korea, it is now limiting the amount of money tives and defied the outside world.

than China toward North Korea. (1.3)
now limiting the amount of money
sent home by North Koreans living in
Japan, as requested by the United
States. It stands ready to support any
UN Security Council sanctions. Despite the uncertainty in Japanese politics. Tokyo has been to emplore ways tics, Tokyo has begun to explore ways to widen military cooperation with

America in event of a Korean crisis. South Korea has the most to lose should things slip out of control.

The South sees the issue primarily in terms of the national security of the two Koreas. The United States and many other countries outside the region see the problem largely in terms of the need to stem the spread of nuclear weapons. It is thus not surprising that there are doubts

about South Korea's readiness to stand firm against the North. Some influential South Koreans assert that confronting the North over miclear weapons will make na-tional remnification more difficult to achieve. The opposite is true. A nu-clear-armed North will at best be a more difficult negotiating partner, and at worst a very dangerous bully.

The writer is a senior fellow at the International Institute for Strategic Studies in London and editor of The Pacific Review. He contributed this

From Clinton and Powell, Bracing Words to a Glum Generation

WASHINGTON — With Memorial Day and the 50th anniver-

sary of D-Day falling a week apart. this is a time for acknowledging the debt the living owe the dead. Equally, it is a time for reflection on the obligations that heritage of sacrifice imposes. Many have spoken to those themes

in recent days; none better, I think, than President Bill Clinton and Colin Powell, the retired chairman of the Joint Chiefs of Staff. The words of Washington officials tend to be devalued, but these deserve to be read without the stain of cynicism that

Henry Kissinger makes Dr. Strange-

But except for Billy Graham -

who denied an entry in which he refers to "satamic Jews" - no one

has seriously challenged Mr. Halde-

man's accuracy. Stephen Ambrose

- the nonpartisan Eisenhower and

Nixon biographer and D-Day histo-

rian - soundly endorses "The Hal-

deman Diaries" in its introduction.

The CD-ROM version of the

book adds 700 photos, home mov-

love seem tame.

By David S. Broder

besmirches so much of our thought. The common theme of Mr. Clinton and Mr. Powell is the paradox that confronts almost any thoughtful person: Why is there such hopelessness and ill temper among young Americans when the events of their lifetime should give them such confidence in their nation and its prospects?

In commencement addresses, the president and the general both referred to the extraordinary changes that have occurred in the world just

JEEZ PETE HAVE YOU READ THESE HALDEMAN DIARRIES YET?

in the four years since the class of 1994 entered school.

As Mr. Chinton noted at Gallandet University, the University of Califor-nia at Los Angeles and the Naval Academy, and General Powell pointed out at Howard University, the graduates' college years have seen the end of the Cold War, the fall of the Berlin Wall, the breakup of the Soviet Union, the election of the first democratically chosen government in Russia, the agreement of Israel and the

WAITING AREA

Palestine Liberation Organization on self-rule in Gaza and the end of apartheid and the establishment of a freely elected, multi-racial government in South Africa.

The heroes of these changes — from Mikhail Gorbachev and Boris Yeltsin to Frederik de Klerk and Nelson Mandela — are people old enough to have witnessed D-Day. even if they were not there. General Powell and President Clinton also referred to the 40th anniversary of the Brown v. Board of Education decision ending racial segregation in

America's public schools. in speaking of these events to people a generation younger, General Powell, 57, and Mr. Clinton, 47, voiced an anxiety about the mind-set of members of their audience that is, I think, widely shared.

General Powell, speaking on a campus where advocates of black nationalism tinged with anti-Semitism have drawn large crowds, said that the recent acts of reconciliation in the Middle East and South Africa "have shown how you can join hands to create a force of moral authority more powerful than any army, a force which can change the world."

"There is a message in these two historic events," he said. "As the world goes forward, we cannot start going backward. African-Americans have come too far and we have too far yet to go to take a detour into the swamp of hatred." In stern tones, General Powell said

to the Howard graduates, "You have been given citizenship in a country like none other on earth, with opporunities available to you like nowhere else on earth ... What will be asked of you is hard work; nothing will be handed to you ... Use your education and your success in life to help those still trapped in cycles of poverty and violence. Above all, never lose faith in America. Its faults are yours to fix, not to curse."

quent and certainly less succinci than General Powell was, But his thoughts were moving in much the same direc-tion and reflected the same concern.

It came through most clearly in the least rhetorical of his recent talks, comments he made May 17 at the Martin Luther King Middle School in Beltsville, Maryland. After telling students how much he and they owed to the people who had fought to desegre-

gate schools, the president said:
"You look at what the problems are today. Is there still racism in America today? Of course there is. Is there too much violence today, especially among young people? Of course, Are there still too many people who don't think they're going to get a fair shake in life and don't think they have much of a future to look forward to? Of course there are."

He talked about the initiatives he has launched to expand the economy, improve schools, make streets safer. But he said, "It all begins with personal choices ... so what are you going to do? You have to decide that you will not drop out of school ... You have to decide that you will not use alcohol or drugs or take up guns. You have to decide that you will not become a mother or a father before you're old enough to understand and take re-

sponsibility and do the job right, instead of wrecking your life with it."

"The whole future of the country." the president said, "is riding on whether we can have young people who are well-educated, well-disciplined, hopeful about the future, and more interested in helping each other than hurting each other, more inter-ested in books than guns, more interested in five years from now than five seconds from now."

Memorial Day is a time of stocktaking, and the thoughts of the general and the president are good starting points for taking stock. The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1894: Germany Protests BERLIN - The Imperial German

Government has formally protested against the Anglo-Belgian treaty on the ground mainly that the frontiers of the Congo Free State having been fixed by an international convention they cannot be modified in any way save by international agreement. A despatch from Brussels, semi-offi cially published here, states that the German Government has addressed a protest to the Government of the Independent Congo State against the convention recently concluded by the latter with Great Britam. In taking that step the German Government pointed out that the frontier delimitations agreed upon between Germany and the Congo State in 1884 could not be modified without its consent.

1919: Rhenish Republic

GENEVA - Thursday, [May 29]. The "Tribune de Genève" publishes the following: "A telegram from Co-

logne to the 'Frankfurter Zeitung' states that a political group pro-claimed a Rhimeland Republic at Coblentz on Tuesday last. As soon as the news spread in the city, all the workmen left work, trams stopped workmen near work, trains stopped and a general strike was proclaimed. The Federation of Trades-Unions proposes to organize a demonstration of workmen against the Republic."

1944: Ecuador Turmoil QUITO, Ecuador — [From our New York edition:] President Carlos Ar-

royo del Rio and all members of his Cabinet resigned tonight [May 29] after a revolutionary junta seized power in Guayaquil, Ecuador's main commercial city. A general strike had broken out here, apparently in sup-port of the Guayaquil revolt. Crowds paraded in Quito's streets, hailing ex-iled former President Jose Maria Velasco Ibarra. Arroyo del Rio turned over his powers to Dr. Fausto Navarre Allende, Senate vice-president, and took refuge in the American Embassy.

International Herald Tribune

• WALTER WELLS, News Editor • SAMUEL ABT, KATHERINE KNORR and

International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neurily-ser-Serie, France. Tel.: (1):46,37,93,00. Fax: Circ.:46,37,06,51; Adv.:46,37,52,12. Internet. IHT@eurokom.ie Educe for Acas, Michael Richardson, S. Consertury, Rd., Singapore 1611, Tel. 1651-472-7748, Fix: 1651-774-234

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By Frank Rich

A Dark Joyride Through Nixonia

N EW YORK — If ever there was a reason to become computer literate, it is to savor every byte of Sony's complete multimedia edi-tion of "The Haldeman Diaries," the ies, the White House appointments log and 1,000 more pages of diaries.

Zipping through the multimedia edition is an addictive joyride that late chief of staff's daily chronicle of the Nixon administration.

By loading a \$69.95 compact disk simulates what it might be like to into the CD-ROM drive of the

listen to the Watergate tapes, read "The Final Days" and play Ninnearest PC, you can not only wallow in Watergate but relive such golden White House moments as tendo all at the same time. What often emerges is a period farce — sort of a "Springtime for Nixon" — with an unlikely cast of the Pam Agnew wedding, a gala East Room recital by Red Skelton and a dinner for Golda Meir to cameo players, from Gina Lollobri-gida to Andre Malraux. The presiwhich the president invited "a few gentiles, like Connaily." The Haldeman Diaries have become notorious in the two weeks Perry Como instead rather than get since their publication as a nearly embroiled in a disoute between the 700-page book, especially those Chairman of the Board and Mrs. passages in which the president rails against "the total Jewish domi-nation of the media" and a neurotic Bob Hope. After a state dinner for

is "particularly down on the enter-tainment" by Robert Goulet. all of his phone numbers of girls that are not over 30."

dent, desperate to invite Frank Sinatra to the White House, chooses

Sam Goldwyn turns up in one film clip, as does Elvis in the appointments log. None of this is in the published diaries. Nor is a 1972 entry in which Mr. Haldeman says the president told him that "Kissinger has worked hard, and I'm to call Rebozo and have him give Henry

But by using a computer pro-gram's search function — you can

Pierre Trudeau falls flat, Mr. Nixon

Jewish cabals by arguing that he was letting off political, not anti-Semitic, steam at a time when there were many lews among his press adversaries. But in the unexpurgated dia-ries Mr. Nixon is cited as identifying

leap to every occurrence of the word "Jewish," for instance — the dark side of this White House

charges out of hyperspace.

Mr. Nixon's defenders have tried

to rationalize his paranoia about

"our enemies" as "youth, black, Jew" in 1970. And it is hard to find a political alibi in this 1971 passage: The president came back from Camp David for White House church, He called me . . . a little disturbed at discovering that we were having a rabbi again. He made the point that there are only 5 million Jews out of 200 million people, so one rabbi service in the first term would have been enough; we shouldn't have had a second one, and he certainly doesn't want any

more this term." By the time a hacker overdoses on the multimedia diaries, the only real mystery that remains about the White House is Mr. Haldeman himself -a fly on the wall so devoid of personality and emotion that he could be the butler who faithfully serves his disgraced lord in "The Remains of the Day." The New York Times.

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Why Seoul Should Stand Firm

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Rwandan Officials Flee **Refuge South of Capital**

KIGALI, Rwanda - Most of Rwanda's government has fled its refuge south of the capital, Kigali, scaring a rebel advance, diplomats said Sunday.

In the capital itself, an offensive by the rebel Rwanda Patriotic Force prompted the United Nations to suspend convoys taking trapped civilians to safety across the city's front lines.

Diplomats said most government ministers and senior officials , had left their headquarters, a former civil servants' college, near Gitarama town, 40 kilometers (25 miles) south of Kigali.

The ministers and officials fled

ou securday by road and helicopter to the government-held western city of Kibuye on the shores of Lake Kivu facing eastern Zaire. The government fled from Kigali

to Gitarama to escape the violence ignited by the death of President Juvenal Habyarimana on April 6. Rebel gains in Kigali and the south have led to an exodus of bundreds of thousands of civilians and militiamen from the capital to

city of Butare. UN officials could not confirm reports of 300,000 people fleeing toward Gitarama but said between 50,000 and 100,000 were on the main road south of Kigali and many more had already arrived.

Gitarama and in the south to the

RWANDA: Killing's End?

Continued from Page !

di are about 85 percent Hutu and 15 percent Tutsi. In Rwanda, the Hutus have held political power since they overthrew the Tutsi monarchy and achieved independence from Belgium three decades

In Burundi, the minority Tutsis dominated the country after independence through their control of the armed forces, and only last year surrendered power in democratic elections to a Hutu-led government

After the outbreak of the massacres, in which hundreds of thousands have died, the rebels launched their drive on the capital to end the bloodshed and bring to justice those responsible.

But the tyranny also showed hu-

man traits - conscience, courage,

weakness, cynicism — in far sharp-

er relief, much as war exposes strength and cowardice. It was a

harsh and cruel world, but also one

in which whispered truths and

smuggled books carried weight

greater than money or status, in which people of conscience forged

powerful bonds and defiance was a

It was disappointing to many of

Mr. Solzhenitsyn's admirers that at his press conference he had nothing

to say of the fact that for all their

flawed economic policies and false

attempts at democracy, Mr. Gor-

bachev and Boris N. Yeltsin did lift

the fetters; that Russia has become

RETURN: Who Awaits Solzhenitsyn in His Quest?

Continued from Page 1 hail Leontiev of the newspaper Se-vodnya, who agreed that Mr. Solzhenitsyn's form of honest patriotism could provide the unifying idea that Russia so painfully lacks after the collapse of communist

But if it is, there is still the question whether Mr. Solzhenitsyn is the man who could foster it. His reputation and his moral authority are beyond dispute; even Russians who have not read his works know of him as the man who exposed the infamous "Gulag Archipelago," the network of Stalinist labor camps, in all their murderous brutality and cynicism.

But the impact of those works derived in great part from the tyranny they defied. Mr. Solzhenitsyn himself wrote in his novel "The

Continued from Page 1

considerably more at ease than he

had at a similar occasion four years

Akihito was asked, of course,

about the decision by Japan's polit-

ical leadership to cancel a sched-uled imperial visit to Pearl Harbor.

That stop was removed from the royal schedule for fear of a political

backlash from right-wing elements here, who insist Japan owes no

apology to the United States for World War II.

der the constitution he is strictly a

symbolic monarch. The elected

government decides his travel

schedule, he added, and he of

course will do what the government

For the empress, the past year

has one of the most been trying

display of "disrespect," several na-

tional magazines criticized the em-

press. The complaints were minor, even trivial — but they were con-

sidered shocking in a nation that

Then last fall the empress col-

lapsed and lost the ability to speak.

Court officials blamed this mysteri-

ous malady on "deep sadness" be-

reveres its royalty.

cause of the bad press:

since her marriage 36 years ago.

tells him.

In reply, Akihito noted that un-

second government in a dictator- in constant compromises and small ship. But as the piles of his unsold novels testify, the political and moral power of written or spoken

truth wanes under freedom.

That has been amply clear in recent years. Many of the first generation of democrats have dropped out of politics, and former dissidents who have stayed in Parliament are now viewed more as gadflies than as moral authorities.

As for whether "deepest Russia" is still there, that depends on what Mr. Solzhenitsyn expects. For the most part, the Russian hinterland remains very much as he left it: muddy, backward, provincial, impoverished.

But Russia has changed, and changed dramatically. Mr. Solzhenitsyn left a state in which a tyrannical system ordered everything, First Circle" that a writer is like a and in which every life was caught

speech. Standing across the room

in a pale green kimono with wispy

orange and white wildflowers

painted along the lavish obi, or belt, she did just fine, talking softly

in clear English with just a few

worried glances over her shoulder at the official interpreter.

It would be bad form - not to

mention a violation of the ground

rules - to quote what their majes-

ties had to say. Let it suffice that

they are aware of current economic

friction between the world's two

richest nations and hope their trip

in June will help ease tension in the

He also recalls an auto trip

Wyoming, when the royal motor-

U.S.-Japan relationship.

the Mall.

wide open spaces.

more free. To Mr. Solzhenitsyn's obvious dismay, the new freedoms have brought suffering, volgar wealth, glaring social injustice and a mas-JAPAN: At Tea With the Emperor sive invasion of the Western mores and pop culture against which the writer so stemly inveighed in Ver-It has been only a few weeks since Michiko fully regained her

mark of greatness.

But Mr. Solzhenitsyn is unlikely to find that many Russians would trade their current hardships for the past tyranny. What might or should have been is simply not relevant to their difficult lives. The issue is not how Russia got here, but how it moves on.

That, declares Mr. Solzhenitsyn, makes this the exactly right moment for his return.

"The scum of triviality has cleared, and the people have rip-ened enough to become conscious of their fate in its essence and depth." he declared. "I think it is precisely now that I am useful."

Both emperor and empress On the first point he may be spoke foodly of previous trips to right. The disastrous flings with inthe United States. Akihito said he stant democracy and instant capistill had vivid memories of a visit to talism, the universal rush to be bap-Washington decades ago, when he tized in the Russian Orthodox first saw the beautiful array of na- Church; and to acquire Western an ambush, the latest clash in tional monuments lined up along goods, have left people still feeling coupty.

The question is whether after so through the vastness of northern long an absence, this truth-seeker from a former tyranny is the man to fill it. His form of benign patriocade passed only two other cars in the course of a four-hour drive. In tism is certainly not the worst basis for unifying the nation. But it will require him to recognize that his the entire Japanese archipelago, there is nothing approaching such 'deepest Russia" is no longer there. Khun Sa.

Stir Protest In Croatia

New York Times Service move that has set off protest, the government of President

Starting on Monday, the dinar, which was the monetary unit in the former Yugoslavia, will be replaced by the kuna, previously used as the national currency under the fascist Us-

The new kunas will be valued at about 17 cents, and the notes will carry the portraits of

The revival of the kuna has brought strong protests from Croatia's Serbs and Jews, both of whom were massacred in large numbers by the Ustashe

the choice of the kuna as "proof of Croatian sovereign-ty." But the decision is regarded as a political concession to the right wing of his Croatian Democratic Union at a time when Mr. Tudjman's decision to end the war against Muslims in Bosnia has led to restiveness among hard-liners.

The decision appears cer-tain to revive a debate over the political leaning of a government that has sometimes appeared ambiguous over the fascist wartime regime and that is led by man who once wrote that there was no scientific evidence that 6 million Jews were killed by the Nazis. Mr. Tudjman apologized to the Jews over that this year.

It is also certain to inflame relations with the Serbs, who have contended since the 1991 Serbian-Croatian war that their occupation of 25 percent of Croatia was a necessary defense against a repetition of the ethnic persecution of the Ustashe regime.

7 Burmese Soldiers Die In Drug-Control War

Reuters

BANGKOK — Guerrillas loyal to the Khun Sa, the Golden Triangle drugs warlord, said Sunday that they had killed seven Burmese soldiers and wounded many more in monthlong struggle over control of

Bank Notes

ZAGREB. Croatia - In a

Franjo Tudjman has decided to rename the Croatian currency after that used by the pro-Nazi puppet regime in Croatia in World War II.

tashe government of Ante Pa-

Croatian heroes and martyrs, many from the Middle Ages.

between 1941 and 1945.

Mr. Tudjman has defended

drugs in eastern Burma.

More than 20,000 troops from both sides have been engaged in the opium war at 13 different locations in the Shan State, northeast of Rangoon, since mid-April, when Burmese soldiers launched an opium eradication operation against

POLICY: Broken Campaign Promises and Fierce Interagency Battles

on emigration by close family members of dissidents, and comply with a 1992 agreement ban-ning the export of prison-labor products to the

United States.
China was also supposed to make "overall, significant progress" on several other issues, ranging from easing the crackdown on Tibet to accounting for political prisoners.

Chinese dissidents, liberal Democrats, con-

servative Republicans, Asia Watch, members of the U.S.-China Business Council and even a representative of the dalai lama in Tibet gathered at the White House for the signing of the order, which was widely hailed as a masterful solution.

But it was a false consensus, because each side saw in the executive order what it wanted to see. The liberal Democrats thought the directive had finally put some muscle into the trade threat, and the business sector thought that it was ambiguous enough finally to eviscerate the trade threat.

The Chinese were not impressed, and over the next few months the relationship with the United States deteriorated.

The Chinese loaded chemicals for making weapons on a freighter headed for Iran, shipped technology for M-11 missiles to Pakistan in violation of an international missile agreement and rejected pleas from the Clinton administration to cancel a long-scheduled underground

As it became apparent that the executive order was not having its desired effect and that the threat to revoke China's trade benefits might actually have to be carried out, the U.S. business sector mobilized.

"We consistently sent the president and his advisers letters and short papers arguing that extending trade with China was critical for helping the economy and jobs," said Jerry Ja-sinowski, president of the National Association of Manufacturers. "That was argument No. 1. There was a subordinate argument — that it would also advance human rights."

In mid-July, Winston Lord, assistant secretary of state for Asian affairs, argued in a

classified paper that the relationship was on a "downward spiral" and urged an entirely new strategy of intensive engagement with Beijing in which incentives would substitute for threats.

before Mr. Chinton signed an "action memorandum" putting the strategy into effect with a series of high-level exchanges, including a meet-ing between Mr. Clinton and China's president.

Jiang Zemin, in Scattle in November. The high-profile meeting yielded little. But within weeks a consensus began to emerge in the administration that the United States had to find a formula to allow the extension of China's trade benefits.

Shortly after the New Year, Mr. Christopher ordered his legal advisers to prepare an analysis of exactly how little China had to do to meet the executive order.

Their conclusion: As long as China met the two mandatory conditions, on emigration of dissidents' families and the export of prison goods, Mr. Christopher could recommend renewal; the rest could be finessed. One incident more than any other threatened

to derail this approach, however; a meeting in late February in Beijing between Wei Jingsheng, China's most prominent democracy campaigner, and Assistant Secretary of State John Shattuck

China furiously denounced the United States, calling Mr. Wei a "criminal on parole" and charging Mr. Shattuck with breaking Chinese laws

Over the next few days, China rounded up dissidents in an effort to ensure an uneventful National Party Congress. Mr. Christopher decided to go ahead with his visit to Beijing anyway, arguing that if he canceled, the Chi-nese would make no more concessions and the president would be forced to revoke China's

But Mr. Christopher found himself on the defensive throughout his three-day trip, and the furor obscured the few concessions he won

from Beijing.

Mr. Clinton was so distraught by the public criticism of his China policy set off by the Christopher episode that he made no effort to support his secretary of state in public and told reporters that he was "disappointed" with the

Returning to Washington, Mr. Christopher immediately requested a meeting of senior national security and economic advisers in the Roosevelt Room of the White House, where he

But it took more than two more months defended his trip. The president did not attend From the beginning of the process, senic-Clinton officials had issued the same warnin to Beijing: Do not think you can come in at th last minute with a few cosmetic concessions of

human rights and win renewal of your lov But as the deadline approached, and it be came clear that China was not going to mov-very much, the strategy shifted. China was told directly that, in fact, a few face-saving conces

sions would do. During former President Richard Nixon's funeral in late April, American officials me with Li Daoyu, China's ambassador to the United States, and proposed that a secret envoy

be sent to Beijing. Mr. Christopher recruited Michael H. Arma cost, a former ambassador to Japan, who was sent with a proposal for the Chinese leadership:

If Beijing made enough minor gestures to cover the basics of the executive order, the administration was prepared to drop the link between trade and human rights permanently. China's leaders moved a bit. They invited a

U.S. technical team to discuss the jamming of Voice of America broadcasts, and promised to release an important democracy protester and give visas to the families of certain dissidents.

Since the Chinese had already agreed to abide by an understanding with Washington on banning exports of goods made with prison-labor, the concession on the visas gave the Clinton team just enough to be able to say that the two "mandatory" conditions of the execu-

tive order had been met. Mr. Clinton's experience as president had taught him that it was not just how much America needed China for business reasons; it was how much the United States needed China for national security reasons — to deal with North Korea, the United Nations Security

Council and the spread of nuclear weapons. Mr. Clinton was also moved by Treasury Secretary Lloyd Bentsen's argument that when the United States acts on its own to impose sanctions against China because of human-rights abuses, it has the worst of all worlds: The policy is not effective, and markets are lost. Sanctions must be imposed by allies or not at

MONEY: For Palestinians, the Promised Global Aid Is Proving Elusive

Continued from Page 1

gle-handedly controlled the finances of his revolutionary organization for three decades, has not vielded to the demands of the World Bank and donor nations that he give up his old methods when running the new Palestinian Authority.

While Mr. Arafat has made some concessions under pressure, authoritative sources said he had not given up his desire to run everything. Worried about corruption, as well as about political favoritism, the international donors have not yet made good on their major pledges. According to these sources, including Pales-tinians and Western diplomats familiar with the events, the whole concept of a coordinated, global aid effort to the Palestinians may be

stalling. Instead, the sources report. Mr. Arafat is actively looking for ways to bypass the World Bank by dealing directly with individual companies and countries for lucrative projects in Gaza and Jericho. This system would help preserve his central role, without the headache of

restrictions being imposed by international do-

The sources said British, American, French, German and Danish firms quietly have been beating a path to PLO headquarters in Tunis recently, with the approval or acquiescence of their governments, seeking contracts for longterm development projects such as printing a new currency, building a new telephone system and constructing airports and an electric sys-

"The reasons the donors are going to Tunis are the same reasons Israel decided to go there. That's where the decisions are made," a diplo-

The Palestinian economic council here, based just outside Jerusalem, was originally intended to channel the aid from abroad into useful projects in the West Bank and Gaza.

But for months the international donors complained that the council was not adequately set up to avoid abuse. Recently, the council's

were given six-month reappointments, includ-ing several prominent Palestinian economists. Last week, Mr. Arafat also selected the U.S.based investment bank Morgan Stanley to help manage the reconstruction efforts, according to the Palestinian news agency Wafa.

But the big money has not started flowing, and there is a growing fear that it may never materialize on the scale promised. While some countries are anxious to win

lucrative contracts, they are loath to pour money into an organization that will be exclusively controlled by Mr. Arafat, he said. Donors suspect that Mr. Arafat, if left to his own devices, will channel aid to political friends in the terri-

There is also a reverse suspicion. The Palestinians complain that foreign donors are interested only in projects that look good back home, with a plaque on the front door, rather than let Palestinians build what they want. But the Palestinians concede that they are not in a bylaws were approved, and six top officials position to turn anyone down

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BOOKS

WHAT THEY BE READING

LIFE LIBERTY AND THE **PURSUIT OF HAPPINESS**

By Peggy Noonan. 255 pages. \$23. Random House, \$23.

Reviewed by Christopher Lehmann-Haupt

A T the opening of her outspo-ken new book, "Life, Liberty and the Pursuit of Happiness," Peggy Noonan writes, "When last we met, George Bush had just been inaugurated president, Ronald Reagan was waving goodbye to Washington in a helicopter flyby, and I had just come back to New York, where I finished a book about being a speechwriter for

That book was "What I Saw at the Revolution," which not only held an incendiary magnifying glass up to the Reagan White House but also told Noonan's own story, a turning point of which was her revolted reaction to her leftish - college busmates while traveling to an anti-Vietnam War demonstration in Washington and her resulting conversion to Republican con-

Now, at the opening of her new book, you find her sitting at a "good and overpriced" East Side Manhattan beauty salon, which might not sound promising for an overview of our culture, but this is not to reckon with Noonan's striking ability to behold great vistas through a pinhole.

So from watching Oscar - "bis black shirt is buttoned at the neck, his black pants gathered at the waist and feet" — size goes for a shampoo and daydreams about cars and how Henry Ford has changed our lives more than the women's movement has "Kids have no one home now," she muses. Many of them are going through life with "a parent-sized

Soon she is pondering her "endof-century jits." She writes: "It's a big thing when a century ends, a time of fate and foreshadowing. . . . The 1890s were a pleasant time, a beautiful epoque, and a prelude to the most killing century

"Start out at Sarajevo, wind up -at Sarajevo." Following her train of thought is

endless sespentine fuse that leads

in the history of man. Start out on

• Professor Thomas R. Sluberski, on sabbatical from Concordia University in New York to teach journalism at the University of St. Petersburg, is reading "Goodnight, Mister Lenin" by Tiziano Terzani.
"I, too, traveled across the for-

mer U. S. S. R., but I taught -- ofthose of Terrani.

from impassioned cultural commen-

with hopes for the city's future thanks to the vitality of its immigrants. As a single parent, she works at home: "I look like Grace Metalious in the author's picture on the back of 'Peyton Place.'" Before very long the firecrackers of her conservative political out-

look have begun to explode. "I think of New York's street criminals as, simply, fascists," she writes. The threat of pollution to the environment has been overrated, she believes. "We are the inheritors of a coarsened country," she says, and adds that Hollywood is partly to blame, having lost the strictures of the Legion of Decency that once forced the film industry

to be artiful. Yet whatever you think of her opinions, you read on in thrall to the fascination of her anecdotes. In Part II, titled "Liberty," she at-tends a dinner at the White House and sits next to a weepy President Bush, who asks her to rejoin his speech-writing team.

In the hourious delay to respond to his order for a car to take her to the airport, she detects a fatal slackness in his staff that will be confirmed when she tries to help rescue him from defeat. Yet the alternatives do not inspire her. President Clinton may be

the third "great natural politician"

Republican as their nominee for two diamond losers. president in '96" — she means like watching a spark move along an philosophically young — they will The best hope seemed to be that not only win, but win with mean- East held the diamond queen, in

ten journalism — for my room and board, and my experiences are like (IHT)

ing." But her incisive survey of the talent on the horizon fails to turn tary to shrewd political analysis to up much beyond Bob Dole.
Some reviewers of Noonan's first notidian autobiography. She's a New Yorker again now, book had a hard time accepting that the author's savvy could have been committed to the robotic Resgan administration, so they tried to disentangle the writer from her

In her final section, "The Pursuit of Happiness," she traces how a certain uneasiness of spirit despite her success led her to take up Bible study and return to the Roman

Catholic faith of her upbringing.
The prose gets heavier here, but her wit doesn't entirely desert her. She reasons that if man is fallen, as the Old and New Testaments hold, then we are better off empowering free-market forces than welfare

In this book, Noonan eventually

commits herself to a deeper form o

conservatism than a political ad-

ministration's.

At the same time, she concludes that what she considers the American culture's "war against religion" is "not so bad." "Christianity, after all, is at its purest, its most vital. when it knows it is what it has

state administrators.

Christopher Lehmann-Haupt is on the staff of The New York Times.

BRIDGE

By Alan Truscott HINKING about deals on I which something went wrong is an essential element in moving to an expert level.

The diagramed deal was played recently in a major tournament in Japan. Sitting West was one of that country's top-ranked players, Akio Kurokawa, whose nickname, inevitably, is Ace-king-ten. His partner was Peter Newman, a young Australian who imitated his country's most famous animal by leaping to three spades over the opening bid

South's bid of four hearts ended the proceedings, and West led a spade. The declarer put up the ace, feeling confident, but was less happy when he led a trump and East discarded the club nine. He took his ace and led a heart, forcing West to take his queen. Knrokawa knew that South had

begun with eight cards in the major

she has seen in her life, after John snits, and therefore five in the mi-F. Kennedy and Ronald Reagan, nors. He knew that South had a but she considers the Clinton adheart entry to the dummy and prea bicycle built for two, wind up at ministration already doomed to a sumably a club entry, which meant single term. that he would be able to run out that he would be able to run out.

"If the Republicans pick a young East's spade king and dispose of Obviously East held the club ace.

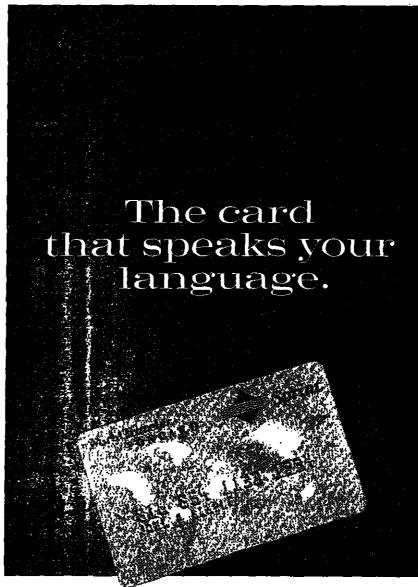
always been: countercultural."

which case it was vital to lead that suit quickly, before South could use dummy's spades.

So West shifted to a diamond with a disastrous result: South wound up losing a heart trick, a club and a diamond. The post-mortem showed that a passive return by West of a club would have allowed his partner to take the ace and lead a diamond, settling the issue in favor of the defense. South is short of entries to use dummy's

NORTH WEST (D) #AJ982 SOUTH ♥ A K 10 8 5 4 3 • A Q 10 7 ♣ 7

North and South were vulnerable Pass Pass West led the spade eight



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Tac

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By Frank Schirrmacher Special to the Herald Tribune

The writer is a senior editor at the Frankfurter 4llgemeine Zeitung.

West Germany was founded, literally, in the is Leicontext of a certain American culture. It was AIG Mill. alled "re-education": the U.S. occupation AIG Socialised "re-education": the U.S. occupation USA Europes wanted to inculcate new enlightened USA Europe wanted to inculcate new enlightened USA Europe Wanted Services in German society. For defeated German Society and Services and Se a UBZ Lichans in the American zone, the experience was a UBZ Lichans in the American zone, the experience was a UBZ Lichans in the American zone, the experience was a like a lichans and unnerving.

The experience had a durable impact on the lima ber

Aired Ber The experience had a dutable impute that con-of for Escultural substance of West Germany that con-d German tinued right up to the end of its existence as a Jumon separate nation. That special situation lasted North Aroughly a half-century and produced a cultural a Switters Augusty a usus century and produced a cultural a U.K. generation that is only now leaving the stage Alpha Pharto-Vacant for a real intellectual succession — a warm appearament that is Europewide, but perhaps making Emost pronounced in Germany.

MAINT In the immediate posture.

In the immediate postwar, a new generation malpho to German writers set about catching up eagermalpho to German writers set about catching up eagermalpho to yand enthusiastically to American and British
malpho to the showelists. They were recling under the impact of
malpho discovering William Faulkner and Ernest Hemmalpho ingway, whose books for Germans seemed to
malpho to the showly a new approach that seemed unencummagnery bright such a construct to magnery to magnery to magnery that seemed unencummission bered by history even in writing about the past, and the magnery than the magnery

m NichAr German writers found the American existential m support view contained in American writing, and popumsurs larized in Hollywood movies, to be devoutly e view contained in American writing, and popudesirable as they grappled with the burden of warrol the Nazi era.

And use nazi eta.

SALE 21 Cultural attitudes in Germany were roiled. however, by an important cross-current of disinterp nowever, by an important cross-current of disemigres spoke warmly about the country that had offered them haven, but they also brought back a critical posture that often amounted to a rejection of American civilization.

German opinion was struck by the career of Stefan Heym, a writer with a national following who fled Nazi Germany because of his Jewish origins. He returned to postwar Germany as a U.S. Army officer and then settled in East Berlin, where he became a prominent cultural voice in the anti-Western campaigns waged by

Theodore Adorno, the founder of the Frank- community. But that choice had to be defined discussion is under way throughout Western Germany, where he was a strong early influence on Herbert Marcuse, later celebrated on campuses across Europe and in the United States. Mr. Marcuse was a popularizer of Mr. Adorno's disparaging attitude toward consumer cul-ture and toward what he called the American cultural industry, a mass-market phenomenon epitomized by Hollywood movies. It was a trend that Mr. Adorno, and his disciples in Europe, despised and feared because of their

Fifty Years After D-Day

These are the 10th and 11th articles

foreboding sense that Europe was heading for

the same destiny.

Has that premonition materialized? Has the

triumphant procession of American culture lev-

eled Europe's society intellectually and cultur-

ally? Nowhere in Europe is this issue debated more earnestly than in Germany, perhaps be-

cause it was not a publicly acceptable question

for many people in a nation marked by Nazism

Since the reunification of Germany at the

end of the Cold War, German intellectuals have

started debating the validity of the country's

political orientation in a single direction and asking whether there is a valid cultural entity

called the West. It is perhaps a legacy of the Cold War that cultural values and political

alliances are so intertwined for many people.

In the current debate, arguments are resur-

facing from the 1950s, when Germany had not

found a clear basis for itself. Ultimately, West

neighbors but going much farther — chose to think of itself as part of a West European

in a series on the future of the

American-European relationship.

furt school of philosophy, remained in West against calls for a national consciousness, and that rallying cry is echoing again as conservatives declare that Germans have abandoned their identity to America. Botho Strauss, an author and an influential

voice in the debate, has moderaized the traditional German fascination with Faust in terms of selling one's soul to Hollywood. Even a moderate like Jürgen Habermas clearly feels new tension about the alleged dangers of a "Hollywood hegemony" made in the United

A powerful current in traditional German culture, which went along with the concept of "sonnerwegen," or "special way," that exposed Germans to so many excesses in the first half of this century, has survived the postwar decades as if it had been in hibernation. Now it is coming back as a touchstone for criticism of international culture at the end of the century.

Since the left has been discredited so badly in Europe, the most energetic developments are occurring among what can be called in Western countries a new right. It is also symptomatic of the times that this new right seeks to root itself in a tangle of intellectual traditions, often logically irreconcilable but capable of fueling coniused aspirations.

In Germany, for example, much current ferment seems to hark back to the calls for a new Renaissance along the lines propagated in the 1920s by the romantic writer Stefan George and another even more exceptional figure the writer Rudolf Borchardt. Scarcely known outside Germany and rarely discussed in this country for decades. Mr. Borchardi is enjoying a vogue as the champion of a German spirit that would give the world a "conservative revolution."

An important figure in his time, a friend of Thomas Mann and Rainer Maria Rilke, Jewish but tolerated by the government, he was murdered by Nazis in 1945. Almost a taboo in ensuring decades. Mr. Borchardt, whose books are being republished with introductions by leading intellectuals, is at the heart of the cen-Germany - moving in the same direction as its trail debate about reunited Germany's political and intellectual destiny and the future of its

Europe now, and perhaps may occur later in Eastern Europe, which today is still dazed by

This is a new "Anu-Americanism." the title of a widely read, controversial book. Dan Diner, the author and a 1968 militant who now teaches history in Essen and Tel Aviv, has not become a neoconservative out of repentance for his youthful leftism.

Rather, he lambasts what he sees as a tendency on both the right and the left in Germany. and more generally in Europe, to want to distance themselves from the United States. This new, subtler form of anti-Americanism has in common with the postwar Cold War variety that political ties and cultural substance are intermingled. Whereas Cold War politics dictated war on American-inspired culture, today the temptation is to get rid of America culturally first, then politically.

This strain runs deep and is not confined to nostalgic romantic or nationalistic extremists. A perceptive essay in a recent survey of Germany by the American scholarly quarterly, Daedalus, brings out a deep discomfort and profound mistrust of Anglo-Saxon culture - as too liberal and too permissive - even among the most open-minded modernizers on the new left, even when rhetorically they cling to Western ties as a rampart against sliding back into the old night-

Symbolically, this German debate has come to a climax around the movie "Schindler's List." In essence, the cornerstone of European intellectuals' ability to feel condescending toward American popular culture was a conviction - perverse-sounding when put so baldly that the Holocaust made Europe infinitely

That history, the defining experience of our humanity, could never be adequately dealt with certainly not by Hollywood, European intellectuals told themselves. Perhaps that history weighed so heavily on European intellectual consciousness that it pressed the energy out of contemporary culture, but at least Europe had the dignity of having a reason for lacking

hasn't this movie been made in Germany? Or . why hasn't this movie been made in France or Britain or anywhere else in Europe about colonia! wars, or treason, or all the other real reasons for collective denials? "We can't understand Auschwitz, but Hollywood definitely can't and can't even deal with a world in which

Auschwitz is imaginable," ran the rationaliza-In all the pedantic and apologetic answers to this question about the failure of European culture to be central to our concerns, it is all the more striking to see that it is "Hollywood" — the image of what Europeans felt made them superior - that has taken over the intellectuals' main theme: coming to terms with the past. This has shaken our cultural certainties, perhaps no less than the other shocks to the pride

and credibility of the intellectuals who play so

much larger a role in Europe than their American counterparts occupy in the United States. Plainly, Germany stands at a cultural and intellectual watershed. The confusion is deepened by the voices of former East Germans, who have not lost the lifelong reliex of rejecting the West. The real problem, however, is not one of ideology but of talent. Where are the writers, film makers, painters, composers capable of legitimizing, as they did in the 1920s after the

previous exterminatory war, a national culture? In the culture inherited from West Germany, as generally throughout Western Europe, the long peace was dominated by personalities that appeared in the postwar period and then by a younger generation that emerged in the early 1960s and now seems spent. Acknowledging this vacuum, one of the rare younger talents, the essayist Hans Magnus Enzensberger, ven-nired the notion recently that the era of the European intellectual may perhaps have come

Of course, this pessimism is vintage European intellectual, quintessential cultural per mism, a German speciality. It is probably the oldest continuing strand of European thought, now juiced with the added kick of another millenium being nearly upon us. Even so, the vehemence of this new, incoherent critique of

That was the answer to the question: Why American culture is puzzling, especially in Ger-

The same of the sa

Unlike French intellectuals, who sought a "dialogue" and "understanding" with the Cosnmunist intelligentsia and were ultimately discredited by it, West German intellectuals on the whole have no history of combat with the United States. So complaints about alleged cultural hegemony secan oddly pale and misguided. Perhaps the only point that is clear is that there is a strange, disquieting convergence between the old left and the new right in this? anti-Americanism.

Oddly enough, this points to a reason for optimism because it suggests that the cultural and intellectual experience since 1945, at least in the two Germanys, will come to be seen as a generational experience. On both sides of the Wall, a single generation — intellectuals as much as politicians and managers — lived through World War II and then stamped the 1950s and 1960s. It was a generation of people whose decisive adolescent encounters were with American GIs or Red Army troops.

It is no coincidence, to use a Marxist phrase. that we find so useful, that in the major novels. of the Third Reich, the heroes always appear as children, whether in Gunter Grass's "Im Drum" or Christa Wolf"s "Kindheitsmuster."

This generation flagged in recent years. In Germany, certainly, the public became a one-way street in which more and more material came into our culture and less and less seemed to head the other way. Even old European cultural ties seemed to atrophy: Germans started getting the latest French trends from Americans who discovered them first.

Deconstructivism, for example, was transmitted from Paris to Yale and other American academic centers and then from there came back to West Germany and even East Germany. Little of the fruitful promiscuity seemed to survive in the Paris-Bonn axis at the center of European politics and prosperity. Instead of American begemony, this will be described by historians as a period when Europe ran out of intellectuals and artists. It is time for a new

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Youngish American Idealists Still Cherish the Enlarged State

Times. His most recent book is "Capturing the Culture: Film, Art and Politics."

American mores impose certain taboos. The word "socialism," for example, is never used. Europeans might consider that policies of a democratic-socialist tendency date from Franklin D. Roosevelt's first administration, but the philosopher John Dewey's terminology for it was "liberalism." And American taboos, naturally, also extend

to public policies: Unlike Europe. America has never had a large-scale movement to nationalize or collectivize any sizable sector of the economy. For many decades, the watchword of the American left has been, "Don't nationalize, regulate!" It is code for what is, after all. socialism's strongest suit by far - its "vision." ' After all, youngish American idealists like President Bill Clinton have never seen applied in their own country anything resembling conventional socialism, so they are consequently

still entranced by the socialist vision. Moreover, the Clinton administration conns more Rhodes scholars and people from Harvard and Yale than any administration in U.S. history and, since these people are plentifully endowed with what Frederick Hayek "intellectual hubris." they are undeterred, and along with America's entire elite culture still embrace an enlarged notion of the state, naturally under their control.

And though the fact has not quite been grasped by the American public, Hollywood is now filled with people from America's elite universities, and the less-educated people in the entertainment industry certainly take their values and notions of how to improve society from the same source.

The question of why this should be so prompts the point that the West, a society that opens itself to criticism as no other has done. has constantly bred fierce attacks upon itself for nearly the entire modern period. My conclusion, not just of today but initially

offered in essays I wrote in the 1980s, stems from an insight of the sociologist Max Weber, who wrote that artists and intellectuals have great difficulty giving their allegiance to states or political systems "from which the absolute and sublime values have been withdrawn."

We arrive swiftly at the heart of the matter: the dismay of most modern artists, among them film directors and even actors, at the loss of absolute and sublime values. In the long range of history, this is new

Until the French Enlightenment, the Romantic movement and the American and French revolutions, the artist saw himself as a celebrator of his society and all its values, which to him - if not to aesthetes of today - were noble and heroic. It was only with the modern

imited power - which gave people more freedom than they had ever had in history and often more than they knew what to do with -

that the artist was cut loose. In effect, the artistic temperament identified with aristocratic values, which, of course, no longer existed as a sociological reality. In the wake of Hitler, it is almost entirely forgotten, and often avoided in politically correct debate. that traditionally the alienated artist's preferred refuge has been the right, including all its mad

At the time of the Drevfus case, most of France's fashionable writers and artists, despite Emile Zola, were ardently anti-Drevfus and, ves, anti-Semitic. These attitudes were all of a piece with what they rejected as the vulgar, mercantile world. Today, of course, with racism discredited, artistic spirits who yesterday would have been anti-Semites have risen to being socialists. Yesterday, the community that symbolized for many the greed and materialism of the modern age was "World Jewry." Today. that position is held by the United States.

This reasoning about the artist's need for utopianism, no matter how twisted, was an insight that coalesced among American conservarive intellectuals in the 1980s. At the time, I wrote that "it is there for all to see, go where you will, abroad or at home. You may try it for size on any exalted, artistic radical you meet. filled with loathing for our soulless, materialist, capitalist world. Yesterday's anti-Semite is today's anti-American."

This ideology -- with a lineage running through socialism, to central planning. to "equality" as a utopian ideal — prevails in the film industry, which has in the last quarter century become an appendage of America's great universities.

Unlike the tenured revolutionaries of U.S. universities, however, Hollywood's devotion to the idealisms of the day is tempered by its need to make great amounts of money. The pressures of the marketplace are a brake, but only a partly effective one. A wag once said that Czarist Russia's form of government was "autocracy tempered by assassination," and I have said and still say - that the American entertainment industry now has a politics of its own: utopianism tempered by greed.

The point was evident in the early 1980s, long after the last tatters of respectability had been removed from the Soviet cause. Hollywood. however, was still bent on honoring movies and film makers who proclaimed their anti-American views as a claim to intellectual virtue.

Remember the confusion caused by the stirring popular impact of Clint Eastwood? Long before he was considered fit for public consumption at European film festivals, it was

state's progressive renunciation of claims to obvious in America that his films hit profound

Reflecting on "Dirty Harry" and the other movies of the series in 1984, it seemed clear to me that the theme which hangs over all the 'Dirty Harry" movies, and perhaps to a lesser extent all of Clint Eastwood's career, is vigilante justice. It is a theme deep in American culture, literature, films, and popular fiction: a man alone in a corrupt world, the lawless West, or the jungle of cities.

The sinister twist in the "Dirty Harry" series is that what has corrupted justice in our time. and made it so hard to obtain, is a kind of liberalism gone mad. Thus: Dirty Harry. Dealing with murderers, real or potential, in defense innocent people, and acting entirely within the rules, "Harry Callahan" does not hesitate to kill. As for the heartlessness, even gratification, that the Clint Eastwood character demonstrates in destroying the social vermin who, he obviously feels, are themselves destroying the fabric of our society. Mr. Callahan, one feels, is the right man for the job.

Mr. Eastwood, who almost never grants interviews, denies that his films are the least bit political. (In private life. Mr. Eastwood financed an armed mission by a decorated U.S. veteran of the Vietnam War to try to recover missing Americans believed held in Laos in the early 1980s.)

For a long time, that stance allowed Holly-wood (and New York, where the critical community is centered) to view him as fodder for a bare-knuckle subculture. But by the early 1980s, he was already overtaking John Wayne as the most durably popular male movie star in history. By now, even Hollywood has noticed - to the point of mythologizing the man without noticing the cultural thrust of his movie-

For Hollywood's utopians, the situation was muddied by the disappearance of the Soviet Union. But for the left, in America as in Europe, the Soviet model was long ago supplanted in intellectual affections by, roughly in turn: Cuba, China, North Vietnam, then back to Latin America and the Caribbean for whatever Marxist-Leninist regime or revolutionary movement that was in the spotlight.

Meanwhile, film makers in these countries been and in the West as well have been slow to tackle the political essence of the great causes that they have championed until all credibility

Western enthusiasm for the emerging film industry in China, for example, never demanded the quality of movie that finally emerged last year with "The Story of Qiu-Ju," the most sophisticated of director Zhang Yimou's films. Even now, China's censors obtained concessions in his presentation. But this remarkable film maintains its universal theme: In all societies, particularly in those emerging from severe political repression, individuals crave respect.

THE WAY THINGS WERE — George Itzel, who landed in Normandy as a young American soldier in June 1944, chatting about his experiences during the invasion 50 years ago with two latter-day American troops at the U.S. military cemetery at St. Laurent.

Such great movie-making about our times has not deterred America's intellectual elite from seeking, in a radical, revolutionary fashion, new causes to be emotionally embraced. The latest is "multiculturalism" which in practice has become the American code word for the equality of all cultures. On this issue, contemporary enthusiasm has caused problems even for Saul Bellow, a Nobel Prize winner for

And in political systems pretending to omni-

science and ordering their every action, respect

"Give us a week's moratorium, Dear Lord," wrote Mr. Bellow recently, "from the idiocies that burn on every side and let the pure snows cool these overheated minds and dilute the toxins which have infected our judgments. Grant us a breather, merciful God."

The problem for Mr. Bellow was that he had been quoted as saying that the Papuans had no Proust and the Zulus no Tolstoy. He was promptly castigated by the upholders of American social virtue. The notion of equality so pervasive in fashionable American educated circles today, which goes hand in glove with an expanded role for government, prescribes that no culture or individual be thought superior to

in outraged condemnation of what he con-

siders the drift in America's elite culture, he declared: "In any reasonably open society, the bsurdity of a petty thought police campaign provoked by the mane magnification of 'discriminatory remarks about the Papuans and the Zulus would be laughed at."

None of this has discouraged Hollywood from trying to do good and do well on fashionable issues of the day: feminism, environmentalism, anti-racism, animal rights, homosexual nights, bisexual rights, the rights of AIDS victims, of the handicapped.

The absurdities of this lengthening list of

olitically correct issues have never deterred Hollywood from seeking to do good. Now many of the new idealistic movies would not at first glance seem to have much to do with socialism. We've had films in defense of the rights of victimized women ("Thelma and Louise"), the handicapped ("My Left Foot"), lesbians ("Fried Green Tomatoes") and AIDS suf-ferers ("Philadelphia"). And these are only the ones good enough to be heard of: I'm sparing you the much much longer list of those that bombed despite their worthiness.

As an example of the value of such films, take the plea on behalf of environmentally responsible Indians, "Dancing with Wolves," a picture much revered in both the United States and in Europe, especially cinematically enthusiastic France. The actor-director Keyen Costner, naturally, is at great pains to demonstrate that his Indians were not inferior to the invading white man, but in fact were truck superior in harmo-

In reality, of course, the Sioux massacred, raped and carried women and children off into captivity. They tortured for entertainment. By converting these Sioux into gentle, vaguely pac-ifist bucolics, Mr. Costner, in a state of holy empty-headedness, has falsified history in a register that matters terrifically in the Ameri-

But after all, these people - most of Hollywood's bankable names, stars and glamor directors — are the world's film artists, and like other artists they want to believe in something good, something higher than this miserable, self-centered, selfish world they see around them - above all in Hollywood.

They hardly know better. They just became artists the day before yesterday. Before that they had little more intellectual status than circus acrobats.

In addition to which, they are American: they bring to these matters a wonderfully innocent eye. Does your average American believe all these "politically correct" ideas being handed down to him by his country's clite? Well, no, he doesn't. But there are signs that they're wearing him down.

Frankly,' Berlusconi Says, Politics Isn't Pleasurable

By William Drozdiak

Washington Past Service
ROME — Silvio Berlusconi dimmed the lights and drew the blinds in his elegant office at the Palazzo Chigi. Even at sunset, his day seemed far from over. There were cables to read, legislative plans to approve and other tasks of governing that he says keep him working until as late as 2 A.M.

Three weeks after becoming Italy's prime minister - and only three months after he entered politics - one of Europe's biggest media tycoons is struggling to adapt to his new role of running the world's fifth-largest industrial democracy

"Churchili said politics is fine, except you have to shake too many hands and deal with too many stupidities," Mr. Berlusconi said last week in an interview. "I'm used to shaking hands, because of my involvement with soccer and show business, but not to listening to the enormous number of stupidities that I

"I have 11 houses spread all over, including an extraordinary park," he said. "Now I am forced to lead a life that, frankly, does not ease me. However, I consider myself to be

lighting a war on behalf of my country. When President Bill Clinton opens his European tour on Thursday by paying a call on Italy's reluctant crusader, he will find that Mr. Berlusconi's astounding political rise is still generating shock waves across the Conti-

The 57-year-old businessman was swept

into power on a tide of voter disgust with the corruption-ridden caste that had ruled Italy for four decades, stirring fears of further populist revolts against mainstream governments in Europe.

He has appointed live cabinet ministers from a party with neofascist roots, arousing fears in France and Germany that their entry

'I consider myself to be fighting a war on behalf of my country.'

Silvio Berlusconi

into government will legitimize the growth of extreme right movements across the Conti-

He has also mapped out a vision for a freemarket revolution in one of Western Europe's most socialistic states that surpasses in scope anything attempted by his conservative role models, former Prime Minister Margaret Thatcher of Britain and former President

Ronald Reagan. And he has declared that, at least for the time being, he will govern the country while maintaining a vast business empire with holdings in real estate, insurance, press and television, raising the specter of conflicting personal interests with almost every legislative measure he tries to push through Parlia-

Mr. Berlusconi's opponents accused him of using his three television networks, which control about 45 percent of the national audience, to brainwash voters and secure his victory in the general elections.

He, in turn, believes they are jealous of his success in finding a formula that railied the vast majority of young voters behind the free enterprise banner waved by his Forza Italia

"I know the young generation well." he said. They grew up seeing America through the television shows that I brought to Europe. They have come to believe in the meritocratic philosophy that will help us develop a more liberal and free-market society without losing our cultural roots or traditions,

"Young people everywhere now share the same political values. The French may be very jealous about their identity, but Italians have no complexes, no feelings of inferiority or superiority. We are more ecumenical."

Nonetheless, the sight of seeing a media tycoon achieve a sudden leap to the pinnacle of political power has alarmed some of Italy's

"This is an approach to democracy we are not used to and that appears fearsome to me," said President François Mitterrand of France, pointing to the demagogic risks of seeing the boss of a \$6 billion media conglomerate at the head of a major European government. "This is an example that others will try to imitate. There is a serious risk of perverting

democracy. The moment has come to say: Stop! Danger!" Mr. Berlusconi brushes off Mr. Mitter-

rand's warning as the kind of partisan carping he must endure from Italy's former Comists and their leftist allies in Europe. "I have no operational role anymore in any of my companies," he said. "I am completely removed from their activities." Mr. Berlusconi said he was forced to enter

the political arena when centrist reformers such as Mario Segni, a maverick Christian Democrat, failed to organize an effective co-alition that could block the path to power by the leftist alliance led by the former Commu-

"I had a very interesting and entertaining life, and I had no desire to change it," he said. "But I found my country facing a future without liberty or democracy. I was obliged to go into politics against the advice of my family, my friends and, above all, against my own interests. But I realized my life as an entrepreneur would have become impossible under the Communists, whose program would have led my country into a terrible state without any hope of return.

Indeed, Mr. Berlusconi's empire, now close to \$3 billion in debt, probably would have collapsed if the leftist slate had been elected. Achille Occhetto, the leader of the Democratic Party of the Left, the former Communists. had vowed to strip Mr. Berlusconi of his lucrative television stations.

Neofascist Wants Homosexuals Put in Concentration Camps The National Alliance and Francesco Stor-

ROME - An Italian neofascist candidate for the European Parliament provoked anger here on Sunday by saying that homosexuals should be sent to concentration camps.

Piero Buscaroli, who is a candidate of the neofascist-led National Alliance, which has five ministers in Prime Minister Silvio Berlusconi's conservative cabinet, angered Italy's homosexuals after his comments were reported by the newspaper Corriere Della Sera.

In an interview, he confirmed his views, saying that homosexuals had no place in society. They lead terrible lives," Mr. Buscaroli, 63 said by telephone. "If it were up to me, I'd send them all to live in concentration camps."

Mr. Buscaroli, a journalist who contributes to Il Giornale, a Berlusconi family-owned newspaper, is a member of the neofascist Italian Social Movement, the political heirs of Mussolini and the core party in the National Alliance. Though his comments were disowned by his

party, gay rights groups said they feared that Mr. Buscaroli's statements signaled a new era of intolerance. "This is the sort of sympathy that the parties in the new government have for minorities,

said Francesco Grillini, the president of Arcigay-Arcilesbica, the country's biggest homosexual-rights group.
"We are afraid that the new government is re-

- the Nazi-Fascist past," he said.

Mr. Buscaroli made it clear that he would not support a resolution passed earlier this year by the European Parliament to allow homosexual couples to marry and adopt or foster children

ace, a spokesman for the Italian Social Move-

ment, disowned Mr. Buscaroli's comments.

"Homosexuals disgust me," he said. "I can't even bring myself to shake hands with them. I am a reactionary, and I am more Catholic than

Italy Seeks Settlement

Of Slovenia Dispute

ROME — Italy wants to see Slovenia start moving toward membership in the European Union, but only after problems between the two countries about wartime compensation are ironed out, the Foreign Ministry said Sunday.

On Friday, the Italian government blocked the inclusion of Slovenia in a group of Central and East European states designated as potential members of the Union.

Rome is demanding compensation for Italians expelled after World War II from Slovenia, which was then part of Yugoslavia and had evaluating the values and methods of the past been partially occupied by fascist Italy.

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China

A Great Economic Leap Forward, but the Hard Part Is Yet to Come

By Kevin Murphy

ELIING — Demanding to be taken more seriously by the world community in nearly every aspect of international trade and relations. China's newfound confidence stems from its startling economic reforms.

But as any Chinese government reformer, ndustrialist or simple worker will attest, the

hardest part is yet to come. Fifteen years after Beijing first allowed then-radical reforms in the countryside that granted farmers limited responsibility over their own production. China has embarked on a top-to-bottom restructuring of the way wealth is distributed and economic decisions

In 1979, 95 percent of prices were determined by the state; now less than 6 percent are. Over roughly the same period, the economy has grown at an annual rate of 9 percent.

hitting 13 percent in 1993, well off the plan-ners' charts. But as individuals and industry alike are

forced to fend for themselves in a world where they will no longer be "eating from the same big pot" — the Chinese phrase for now-outdated egalitarian ideas — subtly but rapidly, power is shifting to market-responsive institutions and away from powerful individ-

ual Communist Party cadres.

China's reform game plan, building what it calls a socialist market economy, rests heavily on the expansion of the market economy and private investment, but reserves for government planners a preeminent role in or-chestrating overall development and firm,

one-party political rule,
The reform here in China is unprecedented and it has proven very successful," said Ma Guofeng, a senior economist and deputy director at the powerful State Commission for Restructuring Economic Systems in Beijing. "We drew upon the experiences of other countries, but only by integrating some ideas into

"We have stuck resolutely with leadership by the Communist Party," Miss Ma, a veter-an reformer, said proudly in a recent interview. "In a multiparty system, self-interests would compete with each other and no one would care about economic development."

However, many different interest groups are emerging as market forces exert their influence, foreign trade and investment flows expand, and party members and the People's Liberation Army seek to "liberate their productive forces" or go into business them-

Because powerful new interest groups are forming and its economic transition is incomplete. China faces its greatest challenge yet in its bid to develop. This was underscored in 1993 when an overheating economy appeared untameable, and various groups resisted a tightening of credit and moves to reduce speculative investment.

China, according to economists at home and abroad, now stands halfway between two economic models - command and market - and two systems of overall control. In the middle lies possible chaos: runaway inflation, strikes, damaging speculation, corrup-

"In the first two stages of our economic reforms most people got more wealth." said Lu Yonghua, a senior official at the State Commission for Restructuring Economic Systems in Beijing. "The next stage will be more difficult, because some people may think the changes are taking something away from the changes."

A new taxation system, a new banking system that improves monetary control, reforms that release enterprises from paying for cradle-to-grave benefits for their workers. rules aimed at removing bureaucrats from the business world — all will disturb vested interests across China, forcing them to deal

with market forces and, in many cases, cost-

ing them money.
"The argument in China now is not 'do we open the door further?" said Nick Moakes, a China analyst with S.G. Warburg Securities in Hong Kong. "It is 'How do we keep a political lid on things?"

OUNTERING reports of recalci-trance by provincial officials who resent meddling in their own plans, increasing worker militancy and peasant revolts against party bosses who have exceeded their powers for personal gain. Beijing's planners champion the paramount need for social stability as the key to their

steady and largely uninterrupted successes. "Our reforms forge ahead with ups and downs," said Mr. Lu, debunking the idea that East European-style "shock therapy" could work in China. "The success of our work can be attributed to our theoretical planning and preparation of people's thinking. Slow but

steady changes reduce the shock to society. While some bureaucrats privately express hopes that China's reforms can be quickened, collectively Beijing's leadership congratulates itself for avoiding the kind of difficulties plaguing Russia and East European countries to a lesser extent.

Setting its troops against student demon strators in Tiananmen Square on June 4, 1989, an act that saw Beijing condemned, then ostracized by the world community, was an acceptable price to pay for keeping the reform program on track, said President Jiang Zemin in a controversial statement this

"The Chinese have been reforming since 1978 in an ongoing process whose hallmark has been a careful gradualism." said Andrew Freris, chief regional economist with Salo-mon Brothers (Hong Kong) Ltd.

They are quite successful in what they are Continued on Page 12

'Stock Fever' **Brings Flood** Of Domestic, Foreign Issues

But Investors Are Wary Due to Growing Pains In Fledgling Markets

HANGHAI — "If we just let companies queue up to be listed, there would be 10,000 outside our door tomorrow," said Li Qian, director of public relations for the Shanghai Securities Exchange.

The exchange is jammed, along with a karaoke club and other offices, into the old Pu Jiang Hotel opposite the Russian consulate just of the famous Bund. Miss Li is probably right. China's stock market experiment has proven a success with local industry. Eyeing expansion possibilities ii lacing a dearth oi credil, more in Chinese companies have joined the rush to cash in on "stock fever" with a flurry of listings

on stock exchanges at home and abroad. An internal part of Beiling's economic reform program, the move to reopen the Shanghai exchange 42 years after the 1949 Communist victory saw it shut, has been hailed as a measure of China's embrace of market econo-

They may have a long way to go, but China's securities markets are moving faster toward openness than many others in the region," said Chris Legallet, a director of Jupiter Tyndall (Asia) Ltd., a fund management

Trading liquidity has improved and the authorities are eager to improve," said Mr. Legallet, who manages the London-listed China Investment Trust PLC. "The regulators are not just sticking their heels in the sand."

To those companies given permission to sell shares, especially those that have raised hard currency through international issues, it is something more practical than symbolic: a headstart on their cash-strapped local rivals.

However, investors, both domestic and international, now appear far less concerned with more new issues than with trading losses. contradictory regulatory trends, ideological dilemmas and a host of pressing problems in the

fledgling markets.

Long: gone are the days when millions massed outside the country's two authorized stock exchanges in Shanghai and Shenzhen for lottery tickets to buy newly listed A shares and Hong Kong brokers begged for new B shares, those designated especially for foreign inves-

"This is all a completely new subject for us," Lin Hongru, chairman of China Securities Regulatory Commission, said in a recent interview. We lack experience, we lack qualified people and we have few relevant laws and

regulations."

You may say that the Chinese securities market is at an infant stage and there is much room for improvement, said Mr. Liu, whose high level government body supervises stock and bond market development while approv-ing candidates for listing. "New problems open

up every day."
When will A and B shares be combined? (Currently the As trade at a hefty premium to the Bs despite their equal entitlements for shareholders.) Has China scuppered its own markets by allowing some of its best companies to list overseas? Will company directors respond to inves-

tors' demands for greater disclosure and better management? Have merchant banks underwriting China listings overseas been too bullish on their pricing estimates? Such questions matter little in China's long-

term market development agenda despite their

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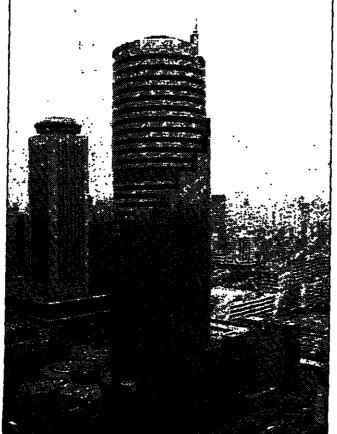
The environmental challenge. Page 8.
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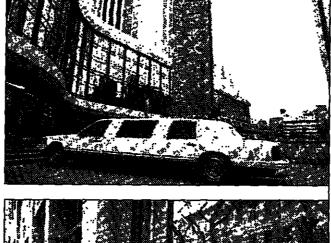


Japanese companies are beginning to invest in China a big way.

Steps to end the Iron Rice Bowl Page 12.

Steps to end the Iron Rice Bowl page 12. Housing shortages are a problem in cities, for expatriates and for residents. Page 14. Air safety remains a big concern. Page 16. Commercial television booms, but filmmakers face a crackdown. Female runners set world records. Page 17.









Scenes from a changing China clockwise from top left: Skyscrapers, and other signs of affluence in the special economic zone of Shenzhen, window shoppers in Beijing; a billboard promoting a French enterprise in China.

Despite Economic Gains, **Human Rights Lag Behind**

By Lena H. Sun

ELIING - Four years ago, the 35-year-old office worker's apartment was too small to fit his wife and child. Now, the income from his business deals allows him to have a spacious, air-conditioned flat, to send his daughter to an expensive private school, and to contemplate buying a car to drive to a future weekend home in the

Somewhere in those same suburbs is China's most prominent political dissident, Wei Jingsheng. For the last two months, he has been under house arrest while the government tries to build a case that might send him back to jail. He was released from jail last September after spending nearly 15 years in prison for advocating democracy.

The contrast between the two men illustrates the lopsided development of human rights in China in recent years. In the five years since the Chinese Army opened fire on pro-democ-racy demonstrators, killing hundreds, possibly thousands, human rights has been at the core

of the debate in U.S.-China policy. President Bill Clinton decided Thursday to China's most-favored-nation tra status, ending the linkage between trade status and human rights. Although Mr. Clinton said China was still guilty of "serious human rights abuses," he said he was "persuaded that the best path for advancing freedom in China is for the United States to intensify its engagement

with that nation." There is no question that the sweeping economic reforms launched 15 years ago under senior leader Deng Xiaoping have brought unprecedented prosperity to millions of Chinese. For the last two years, China's economy grew at about 13 percent. Rising incomes and standards of living have spawned an emerging middle class with increasingly sophisticated expectations and desires. As foreign investment continues to pour into China, that process will accelerate, especially in places like southern China's Guangdong province, where

foreign trade is the backbone of the economy. Ordinary Chinese also have much greater freedom in their personal lives as the system of social control slips out of the government's grasp. In the past, every Chinese belonged to a work unit. The work unit determined wages and promotions, as well as when an individual could get married, have a baby, and travel. Now, increasing numbers of Chinese work outside the work-unit system, going into business for themselves or foreign companies. The risks are greater, but so are the rewards.

Greater mobility has brought millions of Chinese tourists to Beijing to pose for snapshots in Tiananmen Square or sample Big Macs at the nearby McDonald's. Wealthier Chinese are even taking vacations abroad, a concept that would have been unthinkable a decade ago.

They've been to Thailand, now they want to see Hawaii," said one western diplomat in the southern city of Guangzhou. "There's a lot

more personal space now."

But economic prosperity has not brought about improvements in basic political and judicial rights. Despite the broad guarantees of rights enshrined in the Chinese constitution, China remains a police state. As part of government policy, nearly 1.2 billion people are deprived of freedom of speech, freedom of association, and an independent judiciary,

among other basic rights.

While free-wheeling call-in radio shows give advice about sex, the torture of prisoners is more widespread now than a decade ago, according to Amnesty International. Peasants on the outskirts of Beijing can watch Phil Dona-hue courtesy of their satellite dishes. But last year was the worst year for political arrests and trials in China since mid-1990 and the aftermath of the Tiananmen Square crackdown on the pro-democracy movement, according to Human Rights Watch/Asia.

In the run-up to Mr. Clinton's decision on China's most-favored-nation trading status, China released some political and religious prisoners in a human-rights gesture. But many more arrests of lesser-known individuals take place all the time, according to rights groups.

e, toe overali bil tion in China has improved considerably since the Maoist era. During the terror and persecu-tion of the 1966-76 Cultural Revolution, individuals could be tortured to death in a wave of mass hysteria for inadvertently wrapping fish in a picture of Chairman Mao.

UT the standard of Mao's era should not be standard for the world's fastest-growing major economy and a China that wants to be seen as a responsible world power.

"Human rights means having a reliable guarantee under a system of law that says you can do certain things," said Andrew Nathan, a professor of Chinese politics at Columbia University. "In China, you may or may not be able to do certain things, but there isn't any reliable guarantee."

That is especially true at the grass-roots level. Decentralization has allowed local officials to become despots, with abuses of power unchecked by higher-level authorities, peas-

Chinese officials frequently argue that human rights in China means being able to feed and clothe its nearly 1.2 billion people. But Chinese often scoff at this argument. According to the Ministry of Public Health, only one in seven rural Chinese has safe drinking water, meaning nearly 800 million Chinese, more than three times the population of the United States, lacks a very basic human right.

Wang Xizhe, a veteran political dissent who spent 14 years in jail for his pro-democracy activities, points out that the ruling Communist Party also called for democracy when it

Continued on Page 12

Beijing Casts Long Shadow Over the Nations of Southeast Asia

By Michael Richardson

INGAPORE — Although anxious to maintain good relations with China, virtually all Southeast Asian nations regard Beijing's behavior in the South China Sea as a litmus test of its future intentions toward the region.

Official Chinese maps show Beijing's claims over the sea, and the seabed oil and natural gas reserves in the area, reaching to within 48 kilometers (30 miles) of the coasts of Vietnam, Malaysia, the Philippines and Bronei.

Gerald Segal, senior fellow and Asian specialist at the International Institute for Strategic Studies in London, says the central question is the extent to which China is prepared to pursue its claim even at the cost of alienating Southeast Asian nations, Japan and the United

Both Tokyo and Washington are concerned to maintain freedom of navigation in the South China Sea.

Amitav Acharya, coordinator of a security project at the Center for Asia Pacific Studies run jointly by the universities of Toronto and York in Canada, said that "the potent combination of annual double-digit economic growth rates and double-digit increases in military spending since 1990, places China in a position to dictate the regional balance of

He said that whether China would actually choose to exercise its power in this way remained to be seen. "But its growing military imiscle has made some regional countries nervous," he added.

Chinese forces seized the Paracel Islands in

the northern part of the South China Sea from Vietnam in 1974. They established a foothold in the disputed Spratly Islands, a widely scattered cluster of about 90 islands, atolls and reefs in the southern sector of the sea, when they captured several Vietnamese-occupied outposts in 1988.

The Spratlys, which hold the key to control of surrounding offshore resources, are a major point of potential conflict in the South China Sea through which run important international trade routes, including those bringing Middle East oil to Japan.

HINA, Vietnam and Taiwan claim all of the Spratlys, while Malaysia. the Philippines and Brunei claim those that lie closest to their territory. All but Brunei have stationed forces on the islands and reefs they occupy, and it is clear that that armed clashes are a real risk.

Yeo Ning Hong, Singapore's defense minister, said recently that it was a good sign that the Spratly claimants had expressed their intention to resolve differences through negotiations and to consider joint development of the area. However, he said that "the real test will

come should resources, particularly oil, be found in the area." Mr. Yeo said that Beijing's assurances that China would not be a military threat to its

But for some time to come, he added, "countries in the region will continue to examine closely what China does to see if its actions match its words." While Beijing proposed several years ago that rival claims to sovereignty over the Sprat-

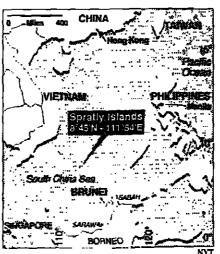
lys be put aside in favor of joint cooperation

projects, informal talks between the six claim-

neighbors were encouraging.

ant states on such a plan have so far made little

In a development condemned openly by Vietnam and regarded as ominous by other Southeast Asian countries. Crestone Energy Corp., an independent U.S. oil company, announced in April that it had begun a search for oil and gas near the Spratlys in a huge contract area granted by China.



Randall Thompson. Crestone's president, said that the American company, working closely with a Chinese state oil company, was undertaking seismic surveys and would start exploratory drilling later this year with "full support and protection from China."

He added that seismic data indicated that there could be "tremendous hydrocarbon reserves" in Crestone's 25,155 square kilometer (5.076 square mile) contract zone.

Crestone was granted its prospecting rights and their own profit-making enterprises to in 1992, and Hanoi and Beijing have waged a help pay for the modernization program. war of words since then.

Crestone's concession is about 300 kilometers from the coast of southern Vietnam and is close to contract areas granted by Hanoi to two separate international consortia, one headed by BHP Pty. of Australia and the other by Mobil Corp. of the United States.

Analysts believe that the growing influence of the armed forces in Chins and dwindling domestic oil supplies are pushing Beijing to try to enforce its claims to control nearly all of the South China Sea.

Chinese military and civilian leaders have repeatedly denied that China has any intention of threatening its neighbors.

Nonetheless, regional officials are concerned that China is systematically developing the capability to project naval, air and amphibious power to take advantage of a receding U.S. and Russian military presence in East Asia and the western Pacific.

Reflecting the influence of the armed forces in China, the official budget for 1994, unveiled in Beijing in March, gave the military a 22 percent increase over last year. Planned expenditure rose to just over 52 billion yuan (\$5.9) billion) from nearly 43 billion yuan in 1993.

ESPITE the rise, the military budget is still lower in U.S. dollar terms this year because of China's unification of currency exchange rates in January, which effectively devalued the

yuan by 33 percent against major currencies. However, Western intelligence sources believe that the true figure for China's military spending is much higher than the published amount because the three million-strong armed forces can draw on other budget items

Beijing's ultimate strategic objective is to "convert the entire South China Sea into & Chinese lake," according to B.A. Hamzah, director-general of the Malaysian Institute of Maritime Affairs in Kuala Lumpur.

He said that with China running short of oi to fuel its rapid growth and industrialization; economic motives appeared to be high on Beijing's agenda in the South China Sca.

LTHOUGH China is the world's fifth largest oil producer, surging demand and stagnant domestic out-put are set to make the country a net importer of crude oil this year for the first time in three decades, the East-West Center in Hawaji said in a recent study.

China's armed forces already have a major voice in policy-making by the ruling Commu-

Analysts said that this role is likely to become even more decisive after the demise of senior leader Deng Xiaoping when weak civilian leaders will have to be even more mindful of military interests. Chong-Pin Lin, associate director of China

studies at the American Enterprise Institute in

Washington, said that the rising political profile of the Chinese armed forces would ensure continued double-digit growth for the defense budget and continued upgrading of the country's military capability.

"Made increasingly confident by its military buildup, Beijing may adopt a more assertive

foreign policy even if it avoids the use of force

in the region," he said. MICHAEL RICHARDSON is editor for Asid of the International Herald Tribune.



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By Vaclay Smil

HE environmental challenges facing Southal Lotival Mili-China are immense, and even a costly and concerted effort could do little but slow down the rate of pollution Enand ecosystemic deterioration during the next to 30 years.

UBZ Linguist China's quest for affluence is understand-UBZ Linguist — but the recent Western admiration of Affred Ber P percent growth rates is naive and misguided. For EastObreign observers make a fundamental cute-former d Global Behrical error by ignoring the effects of scale: North Aph puts on the environment prevent any simplis-

a Switzer Puputs on the environment prevent any simplisa Partia mic contemplation of China ever emulating Jaa Partia an or duplicating fully the achievements of
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Wester vi China will have to rely overwhelmingly on its musting lawn resources. In person of food

militari dyould dictate the most assiduous maintenance mpinos the violation and the most assiduous maintenance the viable agroecosystems, ranging from strict onservation of farmland, prevention of erosion hand replenishment of soil's organic matter. In derms of energy consumption this would mean bigorous fuel and electricity conservation, using nineern ble most energy-efficient industrial processes, interp and careful development of China's huge hyhhe most energy-efficient industrial processes.

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a BBL Interpolation of the country of the countr environment costs the country annually an equivalent of at least 15 percent of its GDP but practical steps, remedial or preventive, re-main wholly inadequate.

A few numbers illustrate the magnitude of the existing problems and the sobering prospects. During the past 40 years, the country has lost about a third of its cropland to soil erosion. desertification, energy projects (hydro stations, coal mining) and to industrial and housing construction. Current Chinese per capita availability of farmland is barely above the Bangladeshi mean, and given the ongoing frenzy of road and factory building on the best alluvial land near cities, farmland losses will continue. Even if these losses were to be made up by reclamation of new land (such opportunities are increasingly scarce), population growth alone would reduce per capita farmland availability by more than 10 percent during the 1990s, and by 15 percent

more before the year 2025. From this shrinking land China will have to produce not only more food grain for more than 300 million additional people - the 1994 total of just over 1.2 billion will grow to at least 1.5 billion by the year 2025 - but also much more feed grain to satisfy a huge pent-up demand for more meat. Further intensification of cropping is thus inevitable, but this route has obvious physical limits. China is already the world's largest producer of fertilizers and it already irrigates half of its farmland. Higher fertilizer applications produce lower yield increments.

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In North China, home to 500 million people, water availability is already less than a third of the Indian average. About 50 million people in northern provinces do not even have a reliable supply of drinking water. The usual runoff in the basin of the Yellow River is less than one-sixth of the average in the rainy south, and recent droughts have reduced this flow in dramatic ways. During the 1980s, the Yellow River's flow dropped repeatedly to less than half of the normal, and several times it ceased altogether for more than a month.

Recurrent northern water shortages have led to massive overuse of groundwater and to extensive surface subsidence. Quality of surface water has been steadily declining; new water-treatment facilities have helped in some large cities: but the overall volume of untreated waste water has increased, especially with the explosive growth of small rural and township industries. Even according to the official, and certainly overly optimistic, figures, less than 15 percent of China's waste water is treated to meet the state discharge standards.

Besides farmland and water, low forest cover and high rates of soil erosion are the other most worrisome environmental weaknesses. Traditionally extensive deforestation has not been reversed by massive post-1960 afforestation campaigns; only about a third of all plantings have survived, while overcutting, including illegal tree harvesting for fuel, has severely reduced China's stands of natural forests. Deforestation has reduced forest cover in a number of southern provinces by between 20 and 40 percent since the late 1950s. In per capita terms, China's wood reserves are now lower than these of any other populous nation. Higher soil erosion has been the result of deforestation, improper agronomic methods, and, in northwestern provinces, of spreading desertification.

Because of its limited oil and gas resources. China will have to burn even more coal to power its economic expansion. The country is already the largest producer of coal in the world, and hence the largest emitter of particulate matter and sulfur dioxide. Concentrations of soot and sulfur dioxide in northern Chinese cities, especially in winter, are commonly five to 10 times higher than the Western limits, Morewer, acid emissions generated by this combustion are al-

and water is simply not available where it is a ready causing concern down, and in South Korea and Japan.

Even if electrostatic precipitators and desulfurization plants were in place to remove nearly all dust and sulfur dioxide. China's high consumption of fossil fuels would become an even more prominent source of carbon dioude, the leading greenhouse gas.

HINA'S emissions of all greenhouse gases (besides carbon dioxide from combustion also methane from paddy fields and cattle, nurous oxide from nitrogenous fertilizers, and eldorefluorocarbons from refrigerations are already the second largest in the world, still far behind the United States and just ahead of Russia, China will become the world's largest emitter of greenhouse gases within the next 20 to 30 years. Should global warming become an indisputable reality during the new generation, then hina's economic and p pulation growth would have enormous effects on the earth's climate — and yet there would be no obvious technical fixes for this unprecedented chal-

Many new environmental laws enacted since the early 1980s have not nonceably changed the pace of degradation, Cleaner fuels and tter waste-water treatment in some major cities, large-scale distribution of more efficient stoves in rural areas, better protection of farmland in some highly productive agricultural regions, and the setting up of new natural reserves have been perhaps the most successful

Even the emergence of a democratic, free-market China could do little to change radicaleither the country's absolute copulation owth or its long-term environmental prospects. Ultimately, all economies are just subsystems of the global ecosystem. Tomorrow's China behaving as if there were no limits to its prosperity would inflict irreparable damage to its environment, and it would be also the largest contributor to potentially destabilizing global climatic change.

VACLAY SMIL is an ecolosist interested in interactions of environment, energy, tood, population and public policy whose latest books are "China's Environmental Crisis" and "Global

Hong Kong Seeks Clues to Its Future

By Kevin Murphy

ONG KONG - Only 37 months remain until Hone Kong reverts to Chinese rule. but mapping how the transition will unfold is obscured by turbulent relations between its current and future land-

Cooperation between Britain and China has never been straightforward. Minor details of Hong Kong colonial administration tend to become embroiled in much larger, if unrelated, disputes between London and

Beijing.
With an unresolved, year-and-a-half stand-off over electoral reform in the colony poisoning an already uneasy partnership, prospects for a smooth transfer in sovereignty appear dimmed.

But in Hong Kong, which is always at the whip-end of events beyond its control, politicians and analysts are playing down the importance of a political argument lying fallow and perhaps forgotten, and concen-trating instead on events in China and the region for clues to future.

"Sino-British relations have hit rock-bot-

tom, but I have a hard time believing Hong Kong politics will be more important than developments in China or U.S.-Asian rela-tions." said Bob Broadfoot of Political & Economic Risk Consultancy in Hong Kong. What happens with China's succession after Deng Xioaping's death, how rivalries hetween the provinces and Beijing play out and Hong Kong's price competitiveness are what matter most, said Mr. Broadfoot.

After 18 months of bitter controversy over a plan championed by Hong Kong's gover-nor, Chris Patten, to broaden the electoral base for the last elections under British rule. Britain and China have returned to the negotiating table on several other difficult issues.

Discussions on Hong Kong's new, \$20 billion airport and the transfer of military lands have quietly reopened, with Hong Kong government officials confident that a breakthrough on both is in sight.

It would appear the Chinese decided to

put the political argument to one side and get on with the economic issues where copperation is required, said a senior Hong Kong government official involved with the negotiations. "After months of doing apthing, they have returned to talk in a shore inesslike way in a less politically charged

atmosphere." However, a high-profile visit by Lu/Ping. the senior Chinese official on Hong Kong affairs, this month served notice that leijing hopes to undermine the popular Mr. Pattern and a Legislative Council it has threatened to disband after it recovers the cily of 6 million in 1997.

Mr. Lu broke with established protocol for the first time by refusing to meet with Mr. Patten. Instead he concentrated his elforts on bolstering the legitimacy of a Bei-jing-appointed body, the Preliminary Working Committee, which is detailing China's policy for the transition.

The committee and a group of carefully vetted Beijing advisers, have become a shadow government and rival power base to the Hong Kong administration, as leading local businessmen, academics and former Hong Kong civil servants have chosen to pledge their allegiance to China.

Hong Kong has also been shaken by Beijing's decision to imprison a journalist work-ing for a local newspaper for his reporting in China. A 12-year sentence for Xi Yang, a Chinese citizen working for Ming Pao Daily, and the subsequent refusal to grant China visas to reporters who signed a petition calling for his release have cast a long shadow over press freedom in the colony.

The combination of Chipa's willingness to overturn an established political system it does not support and its stark stance on press freedom has left many Hong Kong residents fearful that Beijing will not honor the Sino-British Joint Dedaration of 1984. the framework for the sovereignty transfer.

"Hong Kong is now the most free society in Asia, but that is charging rapidly," said Martin Lee, head of the liberal United Democrats of Hong Kong political party.

"There is a real sense in the Hong Kong community that we are headed toward 1997

without a sufficient measure of democracy in preserve our rights and freedoms, said Management of the "There is absolutely no way a Benjing controlled Legislative Council will be able to check abuses by the Benjing appointed the executive and Executive Council or preserve.

the rule of law after 1997," ne rule of law after 1997.

Despite increasing self-censorship by 1887. Despite increasing scheens alike many cal media and ordinary citizens alike many in the community, especially the binaries sector, have largely ignored creeping. threats to Hong Kong's way of life.

threats to Hong Kong's way of life.

"Life here won't be the same. I think we all acknowledge that. But China access things will change too much," said a williage things will change too much," said a williage Chinese woman, who like many campris, has returned from Canada, new passport in hand, to Hong Kong for a well-paid job in the booming China trade. the booming China trade.

You can still get rich in Hong Kong and frankly. I don't want to live anywhere else said the commodities trader, whose districts of Beijing is only matched by her cyticism about Mr. Patten's move to introduce more democracy in the colony after 150 years at

Like many other business people with an insurance policy — another passport the trader is more worried about events a China and the future of U.S.-China trade

In the longer term. China's stability and the rise of Shanghai as a potential interferommercial and financial center give Hung

Kong pause.
With its transparent legal system, professional civil service, excellent infrastructure and international amerities. Hong Rong remains China's, if not Asia's, preen business city. But it is clear that Shanghan a significant source of China's top leaders

covets the colony's success.

"What happens between Beijing and the provinces and the major cities of Change vastly exceeds Britain's role in the future of Hong Kong now," said Mr. Broadfoot. "How Hong Kong positions itself as part of the world have been to be future of the futu China will be the key to its future."

KEVIN MURPHY reports from Hong Kong for the International Herald Tribute.

The Lessons of Tiananmen Square: A Demonstrator Looks Back

By Wang Dan

EIJING - Around this time in 1989, I published an article, "China: Stu-dents Will Fight for Democracy to the End." in the International Herald Tribune. At that time in Beijing, the largest democratic and patriotic movement in China's history burst out.

More than 3,000 young students started a hunger strike in Tiananmen Square. Their brave action won the concern and support of the nation and the whole world.

Now five years have passed, a period in which the world has experienced traumatic

change. The old communist regime has collapsed and the structure of the world is a new one. If we observe the reason for such astonishing change in such a short time, no one can ignore the 1989 democratic movement in Ciuna.

The strategy the Communist Party used, especially on the 3d and 4th of June, to put down the students' movement, shocked the whele world. That behavior was so barbaric and sough that I don't want to expend more of my energy to express my anger again.

But as a participant in that movement I am now more willing to examine what mistakes we made at the time.

The students only motive for this radical political expression was their hope of pushing

China's political reform so that the country could enter democratic and civilized modern society earlier.

Because of this pure motive, we received wide support from all classes of people throughout the nation. And that support is the fundamental reason why the students' movement had no way to defend itself when it faced the government crackdown.

As students, we never thought we were creating a political movement, we simply thought what we created was just a students movement. And the purpose of the students' movement was to express our political needs and hopes, represent people, raise questions and bring out answers and require the government to accept them.

Even the radical students never thought about using political struggle strategies such as getting involved in senior level government power rivalries, stirring up the ordinary people or establishing allies with other political powers that joined the movement later. At that time there was a slogan that expressed this attitude — "Keep Students Movement Pure."

We never thought about using any effective political means to fight against the government. If we had looked at our behavior as a political movement, we would have had to be prepared to accept compromise, because political struggle itself is the art of compromising.

But the fact was the students had no desire for power politics. As intellectuals they felt only a responsibility to express political hopes. And that was considered by the government as leading to anti-Communist Party and anti-Socialist chaos. Being not only misuaderstood and not accepted, but also suppressed and excluded, led many students to refuse to accept withdrawal — not even a tiny step backwards — as an option.

For that reason the two parties reached a deadlock. If we had decided ourselves to leave the square and use other opposition methods rather than stubbornly insisting upon staving there, very possibly the students would not

have paid such a high price.

Even so. June 4 had a very important influence on China and on the world. There is great historical significance in it, but the most important feature is as very powerful democratic enlightenment in action.

The role of that enlightenment is to express to the people the worth of democracy and freedom as values. That worth had been diluted in peo-ples' hearts as a result of decades of political pressure. But in the '99 democracy movement, the students were ready to give their lives for their dreams and that spirit truly touched the people's heartstring. That point is so signifi-cant in the process of China becoming a modern

society that I cannot stress it enough. Any country that wants to follow a democratic path cannot miss a single basic premise: The people have pretty strong desire for de-mocracy. It is the intellectual and other progressive powers ocial duty to build on that

If we had decided ourselves/to leave the square, very possibly the students/would not have paid such a high price.

premise. That was also the very strong mission we felt in 1989. And from this point of view the '89 democratic movement established a very solid foundation for China's realization of

democratic politics. Now China appears greatly changed, but deep scars from June 4 remain. A very obvious one is that ordinary people are in general cold and detached when faced with political matters. That is an unavoidable result after the

bloody crackdown. Some people think the main cause of this political/coldness and detachment is the June 1989 democracy movement. They accuse the

movement of bringing negative influences to bear on the process of China's modernization. The real reason for political detachment is not the '89 democracy movement - it is the June | events. Therefore, the government, not the students, is responsible.

The root of people's coldness is disappointment rather than fear. For that reason, that coloness must be temporary. The longer you cap the enthusiasm in people's hearts, the stronger it will be when it eventually breaks out. The 1989 democratic movement has already planted the seeds of democracy in people's hearts; When the spring wind blows all over China, it will bring out magnificent flowers.

We are far from making a final judgment of the democracy movement's influence on Chris na's development. We must see both the democracy movement and the crackdown on it as historical events already formed as an entite tional knot in the Chinese people's hearts-lenot only affects Chinese people's political faith, and behavior now, but also will affect Chinas future political development.

If this emotional knot is not untied. China's olitical development will not be able to get on the right track. And without political reforms China's economic reform will not have a break through. Most Chinese agree that if Chine wants to be rich and tough and strong, the only way to do it is to get on the reform road. The poses a very urgent question: How to solve the

Now China avoids the issue as taboo. That doesn't prove it is in the past. On the contrary, it is proof that the matter is playing a decisive? role in China's political development.

After Deng Xiaoping's death the first issue events, not only at the top levels in the Communist Party but also among ordinary people Unless it does this, China will find it impossed ble to make a smooth transition to a modern:

I don't make such a judgment because I was a member of the '89 democracy movement, but, because democracy is a trend as manking advances in time. No force can stop this worldwide wave. The 1956 Hungarian events, the 1968 Prague spring and the April 5 movement in China in 1976 all received a fair judgment. from history. Why should the '89 democracy movement be an exception?

It has been five years since 1989, but I do: hope the world — especially the people of China — will not forget June 4 because history tells us "forget misery and that is the beginning"

WANG DAN is a former history student di-Beijing University whose idea for a hunger strike helped spark the Tiananmen protests. He spent 31/2 years in prison for counterrevolutionary in: citement and propaganda. Now a freelance writer, he has finished "Autobiography in Jail," and is preparing to write a second book about the 1989 pro-democracy movement.

undeveloped and underteveloped basitheir full growth potential.

While sceking apportunities Marketing, Gaming, Infrastracture Perelopment, Hotels, Resorts and Recreation, and Z

err of products ranging from household electrical product. and furniture to terletties apparel and movie video tanes.

Singer Midaysia, distributes fromsehold products under the world-renowned Singer brand through over 1,600 retail (putlets and a cancassing force of over-3.000 personnel Berjaya Singer also towns 80% of

tume jewellery, cosmissios and health supplements. And Berjava's subsidiary Rapid

kets children's educational software

Since private ation of toto beining to 1985 in Walaysia, lottery ticket sales have increased by over 100%. This tremendons deniand is not by Bergs a's subsidiary, Sports Lord, with its 720 🖁 oullets throughout the country

The Bergaya Group operates a joint venture with a South Korean group Hyundai Motor Company, to manufactime the first Malaysian-made, light commercial tracks for local and over-

Through an associate company, Indah Water Konsortium, the Group has been awarded the concession, rights to upgrade, maintain and operate a nationwide sewerage treatment system for Malayera. The rotal project



HOTELS, RESORTS AND RECKEATION Employed options of the by

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Berman droup or us and of cotton folloand four-tar leading properties. reverse. These include Perroval Tom-Book Resort Berry (1962) on being Besort and Berjara Red in Bruch Relation were of Mahalistan Porch

nesses and autrizing them into realising

throughout the region, Bergava focuses its main energies and resources on its

CONSUMER MARKETING

The Group markets a cari-The largest of its companies,

Conway (M) 5dn Bhu, which markets a wide range of products (acluding cos-

Computer Centre, develops and man-

GAMING

MANUFACTURING

seas markets. INFRASTRUCTURE DEVELOPMENT

BERJAYA GROUP BERHAD BERJAYA SPORTS TOTO BERHAD TOPOGROUP HOLDINGS BERHAD
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Prashin Beach Bouel - all in the Expub-i-

of Sevellelles. The Group also owns and operates? several golf-family recreation clubs and an equestrian club in Malaysia.

PROPERTY The Group owns several prime ommercial properties in Malaysia's capital city of Kuila Lampar, and has developed or is developing transitions mixed residential and commercial

SUCCESSFUL **OVERSEAS VENTURES**

The Bergion Group has demonstrate ed as unique formula for basings, ancety beyond the shores of Malaysia. In the People's Republic of China the Group is involved in infrastructure

and property development to well is in leasure and industrial activities These include joint-venture operations such as Shenson; Golf Club 11d Co. and Bening ZhongCar Printing Co. among others

> In the USA it has acquired aña, al International Totalizator Systems Inc., a NASD Maquisted gompany, which speciali ee in the design and manufacture of computerised tackets somigasys tems for global watering and lonery industries, and the proce-

sion of project management services for computerised on-line losteries. Berjava also auns 41 inf Wing flung kee Roldings Lid a property investment holding compant quoted on the Hong Kong Stock Feebange.

In the Philippines, a Berjevic associ-

ate has been selected to operate a computerised on line interviewed in for the Region of Luron And now the victory has seemed the Asia Pacific rights for an American fasified chain called Senne Eugers

Rousters Restauraoi. YOUR PARTNER IN BUSINESS Berjava seeks partners with similar busingsy interess or in next, lathered

unexplored business restores. It con are considering entering or expending in Asia, we may be the right partner

Advances for Socialist Market Economy

By Li Langing

EIJING - At present, the situation of China's reform and opening up to the outside world is very good. Last year was one in which China successfully advanced on the road of building up socialism with Chinese characteristics, and won great achievements in reform and opening up to the outside world

and in modernization. China's national economy maintained a rapid growth rate. Gross domestic product increased 13.4 percent over the previous year, to more than 3 trillion year (\$344 billion). Last year also saw a brisk domestic market and an active domestic and foreign

The development of China's economy further improves the living standards of urban and rural people. In 1993, the per capita income for living expenses in cities and towns was 10.2 percent/over the previous year, and the per capita pure income in the countryside registered an increase of 3.2 percent. Residents' housing conditions have further improved.

China's economic reform is deepening and opening to the outside world has made new progress. In accordance with the reouirements for establishing a socialist market economy, the reforms in state-owned enterprises continue to intensify with focus on transformation of corporate operating mechanisms. Enterprise autonomy has been gradually implemented and the leading positions of business in the market

strengthened.

While further reforming state-owned and collective economy sectors, individual, private and foreign-funded economy sectors are seeing sustained progress. Price reform is going further ahead, and market mechanisms have played a leading role in the formation of prices for commodities and labor services. Elementary markets including capital, labor supply. land, technology and information are advancing at a quickened pace.

Institutional reform and transformation

of functions at central government level have made essential progress. Government departments are mainly adopting economic means to strengthen economic macro-control, ensuring that the national economy is developing in a sustained, fast and healthy direction. At the same time, overseas investment in China is maintaining a trend toward growth. The realm of foreign investment widened and the investment structure has been improved. Investment has in-creased considerably. In 1993, China im-

of newly ratified foreign-funded products reached 83,000, involving actual investment of \$25.76 billion. in 1993, the number of Chinese-funded enterprises overseas hit 380, involving Chinese investment of \$120 million. To date. China has funded a total of 4,497 enterprises in foreign countries, with Chinese

investment of \$5.16 billion.

ported foreign investment equivalent to the

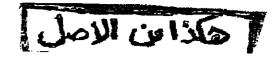
total of the previous 14 years. The number

For China, 1994 is an important year in which we will speed up the establishment of a socialist market economy and maintain sustained, rapid and healthy development of the national economy. To ensure the realization of this year's targets or economic and social progress. China will pursue the principle of "grasping opportunities, deepening reforms, opening wider to the outside world, promoting development and keeping stability" and make efforts to keep mutually coordinated and mutually promoted links between reform, development and stability.

At present, the Chinese government is putting great efforts into doing this work well. In the field of reform, we should put the focus on invigorating large- and medium-sized state-owned enterprises by transforming their operating mechanisms and actively setting up a modern enterprise system through trials. We should strengthen and improve macro-control and meticulously implement various reform measures in taxation, finance, investment and the foreign-exchange system, while ensuring that these are smoothly carried out. At the same time, we will introduce further helpful

China has entered a new stage for overall. establishment of a socialist market economy. We need all the more to bolster international exchange and cooperation. China will always open its doors to the outside world. While continuing to carry out pref-erential treatment for foreign investors. China will gradually implement national treatment toward foreign-founded enterprises, creating a competitive environment on an equal footing for Chinese and foreign

LI LANQING is vice prime minister of the People's Republic of China. This article is adapted from an address he gave earlier this month in Beijing to an international conference co-organized by the International Her-



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AS CHINA PREPARES FOR ITS CENTURY...

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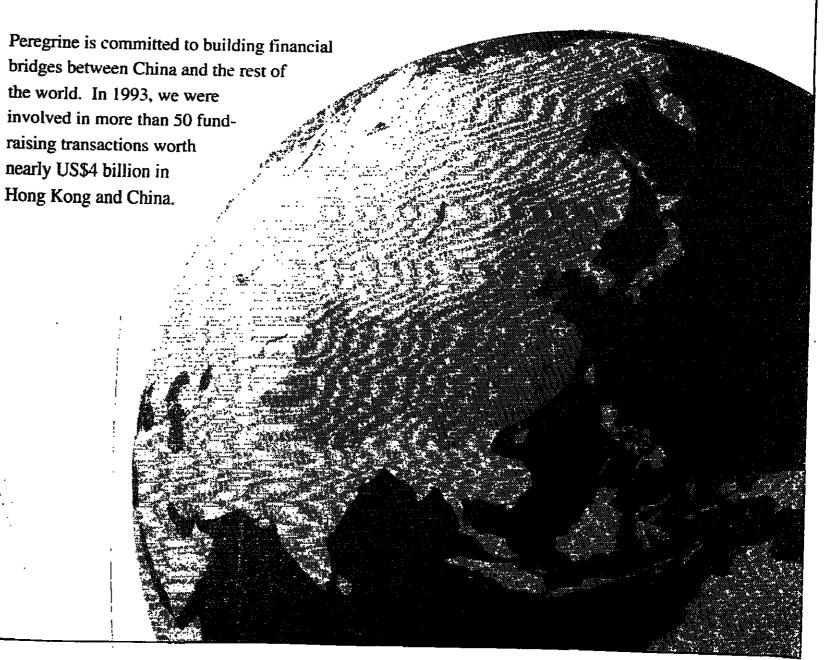
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As a leading participant in China's capital markets, the Peregrine Group is at the forefront of international capital-raising for economic developments in the People's Republic of China.

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World Bor BARING IN (NON SIB R

By Tai Ming Cheung ELJING — China's soldiers are swapping their uniforms for business suits these days in the search for profits. As the government is unable w Aig Milliaurency a afford the costs of feeding or arming the 3 d High Life Fund at 10 the public at 10 the d UBZ Liquidity Fundary units are having to find their own ways of a UBZ Liquidity Fundary units are having to find their own ways of a UBZ Liquidity Fundary aking money. a UBZ Liquidity Fundary Tundary aking money. The PLA's approach to business is the same alterned Bases Norder. d Alfred Berg Nordes its war-fighting strategy: advance aggresof For East vely on all fronts and in overwhelming a global

a Jopan

Military units have set up tens of thousands

Meth-America to companies in the past 10 years, ranging from

Selfzerland to companies in the past 10 years, ranging from ALPHA FUND MAN Dal mines in the impoverished interior to e Rat. Croperty and securities firms in booming

as Part-La-ville rear-roperty and securities rather was also as the day.

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Alson associated by the security that the security the security the security that the security the security the security that the security the security that the security Joseph See: LA's General Logistics Department of these Pacific Fd tharged with checking the activities of the PLA same to the plan short Fo (a tompanies, has little idea of the size of the PLA malpho short red (ar-onlinears), has the face of the size of the s m remisenere new that operate without official knowledge so as micropal aurelion avoid having to share their profits with the m Ringoen in Team to avoid naving to share their profits with the msore in Team nilitary authorities. Most are small, barely msore in Team of Asterofitable outfits that provide jobs for family a Arral Associate when the most of military and the metican unembers of military and metican unique metican uniqu ARRAL ASSOCIAT PROTITION OF CHARLES THAT PROVIDE JOBS for family warred American (nembers of military personnel or demobilized warred have family and the state of the state o

Office buildings in the booming port city of Dulian.

By Jon Liden

States, but it has less than one-sixth of the

U.S. road network, more than half of it dirt

roads that are impassable in winter or rainy

seasons. Freight trains tend to set off only

hen they are full. Humidity makes wet mush

of carton packing in days and the Styrofoam

protection that can guarantee a color televi-

sion will arrive at an inland Chinese retailer

Producers and distributors of consumer

products agree that the physical distribution

of goods now poses the main obstacle for

20 percent of the population, although the

potential differs greatly from product to

product," says Peter Christensen, product

manager in Hong Kong at East Asiatic Co., a

trading company with over 100 years' experi-

ence in China. East Asiatic has established

five branch offices and more than 40 sales

offices in all of China's provinces to market

brands such as Paul Masson wines, Campbell

Despite drastic increases in sales for many

of its products, the investments needed to

build a distribution network in China are

daunting. The company admits that the day

when EAC's China operation will make a

nies soon find a balance between a potential

and a realistic market. China's decentralized

structure and parochial attitudes mean that

each time a product is to be introduced to a

new province, new connections have to be made, official and unofficial authorities have

to be won over, distribution links have to be

set up and a new marketing campaign has to

percent and 150 percent on most consumer

duties on imported goods, you would not be able to operate in China," says a representa-

tive for a foreign trading house, "Much of the

advantage over the competitors come from

how good a deal one is able to make on duties

and tax. There is a large gray area between what is legal and what is flatly criminal, and

everyone who imports consumer goods to

Yet, for bulky or heavy foodstuffs, distri-

bution problems rather than import tariffs

encourage local production. "The transport

infrastructure in China is getting increasingly

overloaded," says Alan Varborg, who is responsible for EAC's operations in Northern

China. "Many food products have short shelf

life. It is not possible to import them and then

transport them thousands of kilometers to

In a country where most of the provinces

were inaccessible until recently, priorities are

often difficult to make. "The important thing

if you want to expand in China is finding

where the money is," argues Robert Fletcher, senior manager for business development in

China at Philips NV, the Dutch electronics

China operates within this area.

the retailers."

"If you were to pay the official taxes and

OW much a company can spend on distribution also depends on what duty it has to pay on its

products. To protect its own consumer industry and encourage import-substituting production by foreign investors. China has clamped import tariffs of between 40

be kicked off in the local media.

With such distribution costs, many compa-

profit is a few years away.

soups, Mars chocolate and Lego toys.

"In theory, we can hope to reach perhaps

in one piece is yet to be made.

increased sales in China

ORGET that China is the market

of 1.2 billion toothbrushes. Instead.

consider this: China's land area is

roughly the size of the United

A Distributor's Nightmare

Biggest Obstacles in Marketing Are Physical Ones

The biggest military-run business concern is the Poly Group, which is affiliated with the PLA's General Staff Department that oversees the military's operational readiness. Poly was set up in 1982 as a subsidiary of China International Trust & Investment Corp., one of the country's best-known financial institutions. It was the PLA's main arms dealer and exported billions of dollars worth of weapons during the 1980s. A slamp in arms exports since the end of the 1980s has seen Poly turn its attention increasingly to nonmilitary related business activities, in particular property development and barter trade with Russia. Income from civilian business accounted for more than 80 percent of Poly's total turnover of \$1 billion in 1992.

Poly's goal now is to follow in the footsteps of CITIC and become a respectable financial and trading powerhouse. Poly separated from CITIC two years ago and is now an independent corporation with its own, brand-new 570 million headquarters complex. It has set up its own Poly International Trust & Investment

Other military units boast their own conglomerates. China Xinxing Corp. belongs to the PLA General Logistics Department and ranks second in size to Poly with around 70 enterprises that produce uniforms for the army. The PLA General Political Department, which uphoids the military's ideological purity. operates Carne Corp., which runs karaoke ciubs in Beijing and has properly investments

The air force operates a commercial airline using old Russian airliners and flying out of

There are pockets of wealth in poor ar-

eas," agrees Mr. Varborg, who spends much

of his time combing the northern district

towns for transport companies, retailers and

other contacts. "There are a few oil-produc-

ing areas in Heilonghang province. Lots of

people have money there, but how do you get

With 108 million people, Sichuan is the most populous province in China, but since the

capital, Chengdu, is almost 2,000 kilometers

nearest port, the province has only recently

been targeted by consumer-products compu-

homogenous country in terms of product pref-

erences, foreign consumer goods companies.

distributors and analysts agree. Apart from the

obvious differences — such as that rice cookers sell better in the south where rice is a staple

than in the north, which eats more noodles -

the uniformity of communist rule seems to

have shaped a similarity in post-communist

for food products and consumer durables.

marketing plays the dominant role for the

While distribution determines the success

For most fashion companies, the market

Even within these cities, there are differ-

still lies only in the country's four main cities:

Beijing, Shanghai. Tianjin and Guangzhou.

ences. "For fashion garments, which are so dependent on brand recognition, some com-

panies only look 2t Guangdong," says Alan Wong, an analyst with W.I. Carr in Hong

Kong. "In the south, people watch Hong

Kong television and are more familiar with

Elsewhere in China, business sense often

wins over vanity. "Most people know that many of the expensive clothes with foreign

China," argues Mr. Wong, "As long as both

are made in China, many consumers prefer

JON LIDEN is a journalist in Hong Kong.

brand names actually have been made

local brands that are much cheaper."

international trends."

Despite its vastness. China is a surprisingly

40 miles) of poor roads away from the

the products out to them?"

Force to Be Reckoned With in Business: The Army

shipping fleet. The military-run enterprises are lucrative. Some estimates put the profits carned at around 30 billion yuan (\$3.5 billion) in 1992 on turnover of more than 10% billion yuan. But military officials say that only around 5 to 10 billion yuan ends up in central coffers.

This extra income helps to supplement the madequate funds provided by the government. Even though the defeate budget has grown steadily in recent years, including a 21 percent increase this year to 52 billion year, the increases have been more than swallowed up by the high rates of inflation in the same period. By official estimates, the military's purchasing power has been cut by up to 25 percent in the

Much of the profit that does not reach Beiling goes into the pockets of military officials and is spent on luxur, consumer goods. While military chiefs complain that they do not have the funds to modernize the PLA's outdated arsenal, the country's reads are teeming with expensive imported Mercades-Benz or Lexus sedans sporting military license plates.

Military enterprises get special privileges that are the envy of their co-ilian counterparts. These include generous tar, breaks and access to state-subsidized raw materials.

The PLA's enormous political clout means that the civilian authorities do not dare to merfere with the nulltary's business activities. Military companies have been free to bend or break the rules with little fear of being punished. Executives of military-owned companies say that they can easily smuggle in foreign

military airfields, and the many has its own goods under the noses of the customs authorities. In the mid-1989s, naval units in Hainan Island, a tax-free special economic zone off the Guangdong coast in Southern China, helped to smuggle in tens of thousands of Japanese luxury sedans and electronic equipment to the

Some civilian companies have been the target of hestile takeover bids by military-backed companies. According to Western diplomats who have followed some of these takeover battles, the military companies would sometimes turn off the water and utilities supplies to

Abuses by military units for commercial gain became such a major headache that the nilitary authorities have a series of regulations detailing which business activities are out of bounds for military units. Army units are not permitted to use military vehicles or resources for "speculation, profiteering and smuggling"; they are not permitted to "lend, hire out, and sell military vehicle licenses, bank accounts and blank invoices": they cannot "participate in panic buying of goods at higher prices, illegally buying up goods, profileering and raising prices in any form"; and serving soldiers cannot be employed to work for companies or engage in trade.

The selling of military vehicle licenses and other military identification materials has become so endenic that authorities occasionally have to replace the number plates of all military vehicles. Military registered vehicles are exempted from paying toll charges and are off-

these companies if they resisted.

Military chiefs have also repeatelly stressed that there should be a clear separation between the activities of military units and the enter-prises they set up. Officials acknowledge that the rule against employing active soldiers, for instance, is widely ignored.

PLA chiefs are also deeply concerned at the rising levels of corruption and other negative consequences that have come from the military's commercial activities.

Despite occasional fierce walnings by mili-ary officials over the perils ofcapitalism, the

China's military has set upon estimated 20,000 private enterprises.

PLA's growing dependence on the entires made from business transactions produces any moves to seriously restrict the activities of military-backed enterprises.

military-backed enterprises.

Although army chiefs had ministly topes in the early 1980s that the PLA's enter into the business world would only be form short imperational in appears now that military units are appears. nent fixture in the economy.

TAI MING CHEUNG IS a China country of

Japanese Firms Discover China as an Investment Site

By Steven Brull

ALIAN, China -- In a single room of Mabuchi Motor's sprawling factors here, more than 1,000 young women wearing light blue smecks and neckerchiefs are hundred over Japanese machines, churning out fingertip-sized mini-motors at the rate of 200 million per year.

Diligent despite wages that are dim cheap by international standards, the workers are an unbestable resource that has driven the Japanese company, which controls more than half the world market for minimotors used in cars and consumer electronics, to shift three-quarters of its production to China, thus escaping

the strong yea.

But the swelling ranks of factory workers here are also part of the emerging consumer class in China and elsewhere in Asia, a demographic upheavai that Mabuchi thinks wili ielp it to triple sales to 200 billion yen (\$1.9) nillion) by 2500. "When we came to Dalian seven years 120.

televisions were still a rarmy in the countryside," said Shoji Nishimura, general manager of Mabuchi Motor Dalian Ltd., the biggest Japanese company in Dalian, "Now they are widespread and videotape recorders are about to follow the same pattern."

After years of fence-sitting related to China's uncertain political and economic outlook. a groundswell of Japanese companies is following Mabuchi's strategy. Japanese direct investment in China, while doubled to about 52 billion in 1993 from the year before, is likely to rise 50 percent more, to 33 billion in 1994, said C. H. Kwan, senior economist and head of Asian research at Nomura Research Institute

Attracted initially by cheap labor, Japanese investment in China is simed more and more at satisfying consumer demand in China, from beer to consumer electronics. Increasingly, it is shifting from northeast China - where Japan laid the foundation of Chinese heavy industry during its colonization of Manchuna between 1931 and 1945 - to Shenzhen and Shangi the south, where there is greater population.

and consumption. To be sure, Japanese executives are aware that Chinese inflation, rising labor disputes. growing budget deficits and other macrosconomic problems pose severe risks to the country's development. But many are simply too busy trying to meet surging demand for their products to be overly concerned.

"We're running at full capacity trying to meet the demand of this market," said Taken Minami, vice president of Dalian Sanyo Refrigeration Co., adding that the company planned double production of industrial-use air conditioners in each of the next two years. 'We can only be confident about the long-term cutlook: The direction of reform will not

change. The surge of Japanese investment in China will be crucial to Tokyo's goal of restructuring its economy, which remains too dependent on manufactured exports given the yea's orutal strength and acrid trade relations with the United States and Europe. Japanese capital and technology - and eventually, one presumes, even its more open markets - also will be indispensable to transforming China's economy from central planning to one governed by market forces.

The fate of Sino-Japanese relations, moreover, will largely determine the course of economic development throughout Asia, If the region's two largest powers can avoid direct economic conflict, the stable strategic environment that has fostered intraregional trade and growth can be maintained. But if the countries

revert to their historic archrivalry, that dynamic would be damaged as countries are forced to choose sides and engage in a costly arms build-

In Dahan, a port city in northeas: China that Japan controlled for four decades until the end of World War 11, the determination of the Japanese government to promote investment is evident in the Dalian Industrial Park Development & Administration Co., a joint venture begun two years age with 15 billion yen (\$143 million) in backing from Japan's Overseas Economic Cooperation Fund.

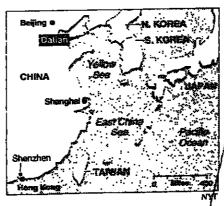
The venture, which aims to attract smaller Japanese companies that can act as suppliers to the many larger concerns aiready here, is developing and selling plots within the industrial park, offering cut-rate loans, and extend-ing assurances about the provision of water, electricity and other necessities: it is also giving advice on dealing with China's opaque labor laws and government officials. "With the goverament involved, Japanese companies feel more assured," said Yosuke Aruga, general manager of the Dalian office of Marubeni Corp., one of Japan's leading trading compa-

A stream of small-sized Japanese suppliers are setting up shop, joining more than 700 other foreign companies that have already invested more than \$2 billion in the industrial zone about an hour's drive out of town. The park, much of it cratered with new construction sites and framed by the skeletons of halffinished hotels and factories, is home to more than 200 Japanese companies, part of an over-all group of more than 700 in the city. Soon to join the list will be the eiggest consumer electrenies factory in China, a joint venture producing basic parts for VTRs in which Matsushita Electric Industrial Co., has invested 9

Li Yuefu, a director of the OECF-funded project, said the number of Japanese companies investing with the venture would likely rise from 14 to 40 by the end of this year, and to 70 the end of 1995. Newcomers include Fuji tric Co., Toto Ltd., Japan's leading toilet maker, and Takara Shuze KK. 2 Kyoto-based sake distiller branching out into pharmaceutical research.

These companies are slowly enhancing a local production chain that will facilitate an expansion of Japan's presence in the market. Now, many manufacturers still rely heavily on imported parts and materials, using factories in Dalian primarily for export-reprocessing.

Mabuchi Motors, for example, imports 98.5 percent of its parts and materials, 20 percent of which are fully finished components such as specialized wires and metals. Local supplies of sufficient quality are simply not available. The result is that much of Mabuchi's staff of 6,900 is engaged in labor-intensive tasks such as stamping tiny metal parts from huge coils of silicon steel, or fabricating small electromagnets by mixing oxidized steel powder with



barium and baking it at 1,00 degrees centi-

The expansion of supposing industries will help Mabuchi boost production by 10 to 20 percent this summer, and by a similar amount next year. It also plans to herease the ratio of production going to the Chinese market from 10 to 30 percent. Sanyo Refrigeration plans to boost local content from 55 percent to 80 percent next year.

Long-term, the OECE funded venture will serve as a test project for more massive Japanese investment in northeast China, where the economy is saddled by the dominance of state owned heavy industries, most of which are inefficient and loss-ridden. The first hear industries that Japan will shift to China will be those burdened with overcapacity, such as per-rochemicals, paper and pulp and sire!" such Mr. Aruga.

STEVEN BRULL is the International Herein Tribune's Tokyo bureau chief.

Stock Fever' Unleashes A Flood of New Issues

Continued from Page 7

vital importance to dily market trade. In fact, only examining the past three years from a broad perspective yilds the logic behind some

"Our eventual goal is to open our domestic market to internal onal investment, to free flows of capital in our companies," said Mr. Liu. "And we have tens of thousands of companies in China tolist eventually. Of course, it can't all happen until our currency is fully convertible.

"But when the happens B shares won't be necessary and w will have learned valuable lessons from allowing some companies to list on overseas exchanges where standards are high. By then, nany of the problems we have now at the pilo stage in our development will not be so important." The first nine companies listed so-called H

shares in HongKong in 1993. But international appetites for individual stocks have waned as investors tun more cautious and the novelty value of Chinese companies wears off. With the filal issues of the first nine suffering from a cose of reality - Tianjin Bohai

Chemical Ildustry (Group) Co.'s shares dropped more than 8 percent on its opening day - a second batch of 22 companies is likely to come to parket more gradually than would have been anticipated a year ago. Nonetheess, the 22 shares, some destined for a New York Stock Exchange listing, have sparked a var among international investment

bankers gunning for the underwriting business, which has been calmed somewhat by the bearish markets and a signal from CSRC that it would limit the mandates won by single underwriters to one or maybe two new listings. "We don't want our market monopolized by few foreign securities firms," said Mr. Liu.

Many firms should enter the field so we can judge their performances for the future." In the meantime though, investors with far shorter horizons, often limited to a daily perspective among the ranks of China's 8 million individual stock investors, are being asked for patience while Mr. Liu and his regulators scramble to stay ahead of new developments.

Squeezed by rising interest rates and an aggressive government bond sales program to fund China's fiscal deficit, A shares have been ummeting, while B shares in Shanghai have llen by as much as 40 percent since the start the year.

Investor pessimism has reached a point where securities regulators chose to announce a moratorium on the listing of new companies in the A share market, to counter a steady downward spiral in the prices of existing

And in a gesture to foreign investors dis-

gruntled with the pace of development in the B share markets, CSRC has spoken bravely of expanding the number of B share listings and the size of the market overall.

Although such a move with allow Chines companies increased access to foreign capital, foreign investors say it is likely to add breadth but not death to the market. "We've gone from euphoria to complete col-

lapse in this market twice in two years," said Mr. Legallet of Jupiter Tyndall (Asia) Ltd: But an emerging market suggests an moon-plete regulatory framework, illiquidity at times and mismanagement of new issues," he added: All these things will eventually be solved, but it won't always be smooth."

As Mr. Liu works out the proper balance in the supply of new shares and their effects on what he calls "mindless" speculation, other

significant trends are emerging.

Cash-strapped state bodies, which were apportioned shares in Chinese joint stock compa nies in the early days, are widely reported to be selling their stakes in thriving gray-market transactions to the highest bidder — regardless of whether their holdings are strategic stakes that afford ultimate state control and flat bans

against the practice. Other government shareholders with major ity stakes in companies have been threatened with loss of control through corporate rights issues to which they cannot afford to subscribe

While regulators decide whether to allow private investors to accelerate a creeping de facto privatization of state-enterprises now quietly under way — an ideologically loaded issue — the CSRC must also work to develop China's domestic bond market in a way that doesn't rock its stock market.

Kevin Murphy

Beijing Looks to Australia for Resources and Expertise

By Michael Richardson

ELBOURNE - A growing number of companies controlled by the central and provincial governments of China are turning to Australia to gain access to natural resources, capital, technology and expertise needed to sustain rapid development of the Chinese economy.

industries are in the north while the fastest growing regions are far to the south. With Chinese rail. road, port and pipeline systems strained to the limit, many companies controlled from the country's fastest growing provinces and cities on the east coast have had to look abroad for new sources of imports to

Most of China's mines and resource-based

keep up with explosive demand. 'China's economic growth is so rapid, and its industrial base so underdeveloped, that buying steel mills, aluminum smelters, and pulp and paper factories in the West makes more sense than waiting for these industries to develop within China," said Matthew Fletcher. finance editor of Asian Business magazine,

meat, to China and other fast-growing economies of Asia," said Zhang Jijing, managing director of CITIC Australia Pty. The company, which is considering listing in

Australia in 1995, is a unit of the Beijing govern-ment's capitalist-style investment vehicle, China International Trust & Investment Corp. Guangdong Corp., a Hong Kong-based in-vestment company controlled by the Guangdong provincial government in southern China. became the first Chinese-backed company

to make a share flotation in Australia in Sep-

tember when it successfully offered 28 percent of its stock. Guangdong Corp. has a 90 percent holding in a building products company in Hong Kong, Money raised from the Australian issue is helping fund the company's expansion in the

Although the float of Guangdong Corp. was small — 9.6 million shares worth 7.5 million Australian dollars (\$5.5 million) — it was an important test of how Chinese companies would be received by the Australian market. said Richard Li, managing director of Sino Investment Services Pty., the underwriter.

Mr. Li said that Sino Investment was work-

ing on another three listings of companies that

would have strong China connections and

hoped to bring them into the Australian market by June. He said that companies/were involved in software development, construction and manufacturing.
China is hungry for technology and exper-

tise as well as raw materials for its industry. "Australia has a lot of good, imposative technology but lacks a large domestic market." Mr. Li said. "Asia has a vast markey and needs the Australian technology to get fo the next stage of economic development."

Tommy C.B. Lui, managing director of the Hong Kong office of a business group set up by Ernst & Young, international accountants and consultants, to develop compercial links between China and Australia, estimated that investment from Hong Kong if Australian properly and resource, manufacturing and technology companies amounted to over 9 billion dollars.

He said that most of the investment had been made in the past two or three years, largely by companies/controlled by mainland Chinese government Interests.

About 100 complaies funded from official Chinese sources have reportedly been registered in Australia Most are small and unlisted. But a substantial/number, such as the recently formed Golden River (Australia) Pty., have big

Li Qian Bin, chief executive of Golden River and head of a liaison office established in Perth by the government of China's Zhejiang province to develop joint ventures with Western Australia, said that there was great scope for mutually profitable investment and commercial collaboration between China and Australia.

Zhejiang, a province with a population of 43 million south of Shanghai, is one of China's fastest-growing coastal regions. It is resourcepoor while Australia is sparsely populated and resource-rich. "So they are very much complementary to each other," said Mr. Li, whose name is now

Australianized on business cards as Bob Lee. "I see the development of joint-venture companies providing resources to be processed by our cheap labor into products which will be sold on the world market." Among the projects being promoted by Golden River, named after the longest river in

Zhejiang, is supply of iron ore from Western Australian mines to a proposed U.S. Chinese iron processing plant in the port of Ningbo. There is strong demand for iron ore in China from steelmakers who are expanding output

for the booming construction, transport and A joint venture formed in October between Portman Mining Ltd. of Australia and China's state-owned Anshan Iron & Steel group will start exporting iron ore from Western Anstra-lia to Anshan plants in China in June.

Portman estimates that the joint venture.

which is 40 percent owned by Anshan, will spend at least 25 million dollars developing the mine at Koolyanobbing, about 400 kilometers (250 miles) east of Perth, and establish a refusery on Cockatoo Island, off the coast of West ero Australia The state-owned China Metallurgical Inport & Export Corp. had earlier taken a percent stake in the Channar from one mine in

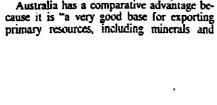
Western Australia. The mine is 60 percent owned by CRA Ltd., a leading Australian resource company. CITIC was the first of the so called Red Chip Chinese companies to take a strategic

stake in Australia when it bought a 10 percent

holding in 1986 in the Portland aluminum:

smelter in the state of Victoria. Since then, CITIC has expanded into commodity trading, consultancy and financial stavices, including a joint venture with the Hambros Australia merchant banking and stockbroking group to deal in Chinese shares and invest in mainland-controlled companies in China and Hong Kong.

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By Steven Brull

HANGCHUN, China -- When Lu mais Lotin P and Millour Morks in 1770 mobile Works Afred Bery's China's biggest vehicle manufacturer. must Germany pay the market rate of more than 2 yuan, or

d Jopen about 25 cents.

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The increase, Mr. Lu boasts, is an example of how FAW is gradually transforming itself ALPHA FUN from a state-run company obligated to provid-48 Put-Levil from a state-run company obligated to provid-48 Put-Levil from a state-run company obligated to provid-wallsha Asia in craffa to crave sovial welfare henefits to an w Alpho Asio global markets. In addition to haircuts. FAW
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mAlpho Hab has also begun paying market rates for some of Along Port the parts it buys as well as for street-cleaning sa services within its giant complex, a virtual city Alpha Sho within this city, which is the capital of Jilin M Aloho Tilli province in northeast China.

Yet the move to market prices also highmBuchalist
Yet the move to market prices also highmethods being the slow progress FAW and other statemethods being the slow progress FAW and other stateen run enterprises in China are making in getting run enterprises in China are making in getting m Risson | fits. The need to maintain these services is the m sope | m | chief reason why state-run enterprises, which are a services in the magnetic fits and the services is the magnetic fits. comprise nearly half of the country's industrial output, remain inefficient and loss-ridden. FAW, for example, which was built with Soviet assistance 41 years ago, continues to

subsidize hospitals, nearly two dozen schools, countless stores, a library, recreational facilities and thousands of apartments. Of its 100,000 workers, only 60 percent are involved in activities related, even indirectly, to making cars or car parts. FAW produced 175,000 vehicles last year, less than two per employee, compared with more than 25 per employee at Toyota Motor Corp., which made 3.56 million

vehicles in Japan. The extent to which state-run enterprises are a drag on the national economy is illustrated by government figures that show output by state companies grew just 2.2 percent in the first quarter of 1994 compared with the same period a year earlier. This compares to 32.1 percent for the collective sector and 79.1 percent for other sectors. The figures also show that 49.6 percent of state-run enterprises were losing money during the period, compared with 34.2 percent the year before. Losses to-taled 15.7 billion yuan (\$1.8 billion), up 79.7 percent from a year ago.

Beijing has issued a plan to make the staterun sector more efficient by shedding socialwelfare facilities and reforming labor practices. Earlier this month, Wang Zhongyu, the minister of the State Economic and Reform Commission, said that the assets and stocks of some 10,000 state companies would be appraised, a move that some analysis saw as a step toward speeding corporatization, a step on the road from state ownership to privatization. Over the long term, the goal is to make all state companies lean enough to operate as private concerns, competing in international

markeis. Success will hold a key to transforming China's economy from central planning to one overned by market forces. Yet fear that making the sector more efficient will swell the masses of unemployed and spark social unrest has led Beijing to go slowly in its drive to reform the sector, analysis say. The central government continues to dole out huge subsidies to keep the companies, and their workers, running. And published reports last week indicated that the government would ease its restrictions on lending to cash-starved factories in a bid to deflect labor unresi.

"Employees would lose a sense of security if we cut more social-welfare facilities." Mr. Lu said. "Progress will be step-by-step. It's very difficult to change."

Although the go-slow strategy may help preserve social stability, it starves enterprises of funds needed to upgrade their technology. It also delays the day when China can drop its protectionist policies. Worst of all, it fuels inflation, which is expected to hit 17 percent this year, far above the government's 10 percent target.

"We will pursue reform in line with the central government's policies, vet we must maintain political stability," said Changchun's mayor, Mi Fene Jun.

Problems related to state-run enterprises are especially acute in northeast China, a region that was home to about 19 percent of the country's 66.214 total at the end of 1992. Ten years ago, the 100 million residents of Liaoning, Jilin and Heilongjiang provinces enjoyed a per capita gross national product among the highest in China.

The foundation of its coal, steel, automobile and chemical industrialization were laid by the Japanese, who built railroads and highways to systematically exploit the resources of Manchuria, a region it controlled between 1931 and 1945. But most of the current factories date to the 1950s, when Stalinist Russia provided capital and technology to help its communist neighbor to the south.

As a result, the region's economy is growing at 7 to 10 percent annually, less than half that of southern coastal areas, such as Guangdong.

Fujian and Shanghai, an international ecolomist in Beijing says. The south has drawn he bulk of foreign investment, most of it from he community of overseas Chinese nearby in Hong Kong and Taiwan.

Most of these plants are filled with hisquated equipment and managers haven't laid much attention to renovation in 10, 20 \$ 30 years." said Ding Shicheng, vice general scre-tary of the Jilin provincial government. Their management is based on Soviet models that are unsuitable for the market economy."

NE IDEA to accelerate the rgion's transformation is to prompte regional coordination and den up access via the Tumen Rive to the Sea of Japan, which lies just 15 kilogeters (9 miles) to the east of China's border win North Korea and Russia. Now, the only fort is at Dalian at the extreme southern to of the Lizoning peninsula, too far away to enefit the provinces of Jilin. Heilongjiang and Inner Mongolia.

The main idea, pushed by the Inited Nations Development Program, is a 30-billion. 20-year plan to develop a big economic zone near the mouth of the Tumen liver, which flows between the borders of Nora Korea and Russia before emptying into the tea of Japan. The zone would include free ports in China North Korea and Russia.

China is also trying to extend rathouts to a port in Russia. A rathoud leading up to the Russian border is already completed, and the X Ding said him province is organizing overseas financing to extend the railroad on the Russian side. "We hope to complete the califold by the end of this year or next spring," he said adding that it had been postponed because of a lack of

funds in Russia. "If northeast China can get easy access to the Sea of Japan, it gets access to international markets and can develop quickly." Mr. Ding

Yet the project faces a set of positical profelerns so formidable that many observers doubt it will ever be realized. North Kores, one of the world's most closed countries, is something a a wild card. Japan's relations with countries in the region are made difficult by its colonization of Korea and China eather this century Tokyo also remains describe ked in its territors al dispute with Russia over four islands north of Hokkaido. -

When I proposed the project in 1991 I was told it was just a dream." Mr. Ding said. "Bog since South Africans and the Israelis and the Palesunians are solving their problems. Take confident we can too."

A Bid to Change Banks from Supporters of State Firms to Going Concerns

By Kevin Murphy

EIJING - No target for China's economic reformers is more important than its banking system, nor any more sweeping.

While the transformation of the People's Bank of China into a Federal Reserve or Bundesbank-style central bank controlling monetary policy will be complex it remains a matter of reorganization and staff training. But turning the country's main banks into

viable commercial businesses - a plan that is equally vital to modernization - is a far more difficult task given their lifeline role for the country's giant loss-making state enterprises. say People's Bank officials and China analysts.
"Our greatest challenge will be turning the

four specialized banks into commercial banks," said Chen Yuan, deputy governor of the People's Bank of China, in an interview. "There are considerable difficulties among the industries and it will take a long time to separate the banks from them."

"China is very definitely heading in the right direction," said Nick Moakes, a China analyst with S.G. Warburg Securities in Hong Kong. "But until China is prepared to allow bankruptcies and accept social unrest, or it sets up a social security system, banking reform will ndeed go slowly

Prior to 1978, the People's Bank handled most banking activities, aided by a relatively small number of rural credit cooperatives. The banking sector has since grown to include four specialized state banks and nine national and regional commercial banks challenged by thousands of credit cooperatives.

its banking system in another era, one where credit was doled out in an administrative. quantitative manner according to central plan-

Combined with a situation where political considerations and personal connections, or guanxi, count far more than an ability to repay loans, the system has proven incapable of monetary fine-tuning any more delicate than

sledgehammer blows against credit supply.

"They can't use the tools they used in a command economy, but they can't yet use the tools more advanced countries try to use." said

Economic reform has also left much of China's industrial backbone ailing as companies saddled with ancient plants, poor management and massive work forces whose welfare they must subsidize lose ground to numbler concerns and higher tech joint ventures with foreign partners.

More than half of China's state-owned companies - the sector that provides the bulk of nonfarm employment in the country - lost money last year and many have little hope of being turned around quickly, if at all.

Given that maintaining social stability is Beijing's ultimate goal and urban unemployment makes the leadership nervous, with good reason, banks who lend to loss-making state enterprises have been forced to support their clients well past the point of commercial san-

At the same time, loosely regulated branches of China's main banks have been blamed for pouring funds into speculative investments in stock trading and property development. Until recently, trading on inside information

But China's economic takeoff has largely left and supporting the projects of local allies banking system in another era, one where proved more alluring than continuing to nurse loss-making state enterprises, backing low-yielding public works projects or paying farmers for their grain.

However, strict new rules directed at unauthorized and speculative ending, which came last July with Deputy Prime Minister Zhu Rongji's appointment to head the People's Bank crimped such activities. Mr. Zhu's arrival and stern messages to provincial bank heads who owed their jobs to local political bosses paved the way for an ambitious banking reform project unlike any conducted in peacetime conditions anywhere in the world

Three new, long-term "policy lending" banks will be created to handle state-mandated lending currently supported by the banks, various ministries and the State Planning Commis-

HE State Development Bank, Import-Export Bank and the Agricultural Development Bank will make low-cost funds available to government projects and "hardship industries." but will not be restricted from lending to more dynamic, higher yielding "priority" areas.

Such a move will allow the four main national hanks, the Industrial & Commercial Bank of China, the Bank of China, People's Construction Bank of China and the Agricultural Bank of China, to become truly commercial institutions lending on the basis of creditworthiness and bound by newly introduced capital adequacy and liquidity ratios.

However, their new outlook depends heavily on the progress they, along with other relevant government ministries, make in devising a solution for the beleaguered public industrial

The policy is to hive off all the awkward loans to new institutions endowed with central government funds," said Andrew Freris, chief regional economist with Solomon Brothers in

Hong Kong.
"That is about as far as they can go if fiscal and tax reform is slower," said Mr. Frens. "To push ahead too quickly risks hitting the brick

wall of the enterprises' indebtedness. They will need a lot of common effort and close work with the Ministry of Finance to solve their problems," agreed Mr. Chen of the People's Bank, who expects new policies in this area later this year.

Also vital to monetary management, Beijing has moved to recentralize credit creation and monetary supervision in the hands of the People's Bank of China, which will no longer be conducting its own commercial lending opera-

Commercial lending "was qly a minor part of activities in the past," saidWr. Chen. "Before last year the local People Bank branches were responsible for up to percent of total credit, directed mostly at adjisting liquidity in their areas. But those responsibilities will re-

To prepare for its charged role, People's Bank staff are enrolled in a extensive training program and senior executives are traveling abroad to observe the workings of other central

"In terms of vast territor and large popula-tion, the U.S. Federal leserve is a leading model for our work," sai Mr. Chen. "But we are also drawing experience from the Bank of Japan, Bundesbank and the Swiss National

As the People's Bank hereases its monetary supervisory role, it is wiking toward full convertibility of the yuan. on Jan. 1, China abol-ished a dual exchange ate that favored local sellers of yuan over foreign buyers and created distortions throughout the economy.

Narrowing the official foreign exchan markets participation to authorized financial institutions linked through six main trading centers has taken much of the volatility out of the currency and enabled the People's Bank to create a managed float that will allow "comittional" then full convertibility "as soon as possible," Mr. Chen said.

In China's previous boom-bust cycle in 1988-89, Beijing cured a 30 percent inflation rate and deteriorating trade balance with a simple strategy: no credit, no imports; no

However, in this cycle, where the economy has grown greatly in sophistication and memories of civil unrest sparked by such harsh mea? sures are fresh. China's leaders are seeking a --gentler slowdown. More comprehensive control over the banking system will greatly aid.

Stirring Up Asian L'conomic Rivalry

By Michael Richardson

UALA LUMPUR - After initial concerns that China would emerge as a fierce rival for invesument capital and export markets, Southeast Asian countries are viewing the regional giant more as an economic opportunity than a threat.

Mahathir Mohamad, the Malaysian prime minister, told a recent conference in Beijing on the future of the Chinese economy that "a prosperous China will become the engine of growth firstly for East Asia, including Southeast Asia, and then the

If 1.2 billion Chinese were "half as rich as the Americans, the size of the market will be almost unimaginable" and provide Southeast Asian nations a "huge" new opportunity for selling their plantation products, oil, natural gas and manufactured goods, he said at the conference, which was co-sponsored by the International Herald Tribune.

China's surging demand for imports is already of major benefit to Southeast Asia. China had a merchandise trade deficit of more than \$12 billion in 1993 as rapidly increasing industrial and consumer demand

sucked in imports.

China's trade with the world's industrialized economies grew by more than 60 per-cent between 1986 and 1992, from \$42 billion to \$69 billion. However, in the same period, its trade with the rest of Asia nearly quadrupled, from \$21 billion to \$81 billion. Nonetheless, China's rapid rise as a a low-

cost exporter and its enormous appetite for investment continue to pose a competitive challenge to growth prospects for Southeast Asia, officials and analysis say.

While reported investment in China from

Asian countries — including Japan and the newly industrialized East Asian economies. Hong Kong, South Korea, Taiwan and Sin-

gapore - rose by ver 500 percent in 1993 to reach \$52 billio, capital inflow from the same sources to Idonesia dropped 12 per-cent to \$3.5 billion, to Malaysia by 19 percent to \$577 million and to Thailand by 52 percent to \$148 million.

The effect of thina's booming economy

on investment lows was also evident in funds from the United States and Europe. In 1993, U.S. investment in China rose by

nearly 470 percent, to \$3.1 billion. In the same period, US. investment in Indonesia dropped by 58 percent to \$385 million. In Malaysia, it dropped 5 percent to \$213 million and in Thilland it was down 86 percent to \$16 million At the sametime, European investment in

China increased by 35 percent to just over \$1 billion, whilefalling by 34 percent in Indonesia to \$750 million, by 93 percent in Malaysia to \$7f million and by 68 percent in Thailand to \$35 million. This trend coincides with a significant

shift in loregn investor strategy in East Asia which favors countries with the biggest potential markets, such as China and India.

"Investors now seem more keen to access the dometic markets in Asia rather than merely seeking a production base for ex-ports," sad Sanjoy Chowdhury, chief econ-omist fouthe Asia-Pacific region in the Singapore office of Merrill Lynch & Co.

As result, Southeast Asian countries will have to take steps to revive investor interest in their economies by introducing more busines-friendly policies, cutting red tape and enturing a good operating climate sup-ported by strong infrastructure, he said.

Hasening implementation of ASEAN free trade area, which is on a slow 15-year phaselin track because of conflicting national interests among its members, would also help by opening up an integrated market of

more than 340 million people. ASEAN, the Association of Southeast Asian Nations, comprises Indonesia, Malaysia, the Philippines, Singapore, Thailand and Brunei.

Mr. Chowdhury said that although smaler than the 1.2 billion population of China, the relatively higher purchasing power of its ASEAN free trade area should make up for the shortfall in numbers.

Underlying concern in Southeast Asia about the competitive challenge from Chira is a suspicion that the region's economically powerful ethnic Chinese minorities are starting to funnel very large amounts of capital away from their adopted countries of citizenship and residence back to their ancestral

Lee Kuan Yew, Singapore's senior minister, cautioned China recently not to misread the mood of the region. He said that a comment by Beijing on anti-Chinese riots in Indonesia had "revived old fears that China has not ahandoned its claim to the loyalties of all ethnic Chinese wherever they are. 2

HINA'S attitude toward Southeast Asia is a sensitive issue in the region, where Chinese minorities in almost every country have a disproportionately large share of wealth and

economic influence. Malaysia refused to allow television reports of the rioting by the British Broadcasting Corporation to be shown, for fear of inflaming racial tension between majority Malays and Chinese.

However, Brian Caplen, editor of Asian Business magazine in Hong Kong, said that it was an "economic falsehood" to think that by investing in China, the ASEAN Chinese: were in some way depriving their home

countries. He said that moves by the ASEAN Chinese into China "put both them and their countries in a win-win situation" because it would boost Southeast Asian exports to China and open channels for reverse investment by China in ASEAN countries.

For the Economy, the Hard Part Still Lies Ahead

Continued from Page 7

doing and they have managed to slow down the economy," said Mr. Freris of the raging growth and 26 percent-plus urban inflation that threatened instability and frightened foreign investors last year. "1994 will be a tough year, but I don't see any pamies or major adjustments on the horizon.

Foreign trade and investment, which alone topped \$25 billion in 1993, have provided much of the impetus to strong sustained growth, but both came at a price Ching, for

now, is willing to pay.

"Whatever methods are conducive to development of productive forces, we have to adapt them." Li Tieying, a member of Chinak ruling State Council, said at the "China Suraini" on economic reform co-organized by the laternational Herald Tribune in May.

In 1978 the total value of exports and imports combined equaled about 10 percent of

hina's gross domestic product, according to Mr. Freris. By 1993, he estimates that figure had grown to 55 percent or slightly more testimony to the vital role China's opening to the world has played in its prosperity.

Such dependency on foreigners for markets, investment and technology, however, carried pressures for China to reconcile its behavio with standards accepted by the rest of the world on human rights, environmental protection, free trade and intellectual property pro-

A growing private-sector business community, much of it foreign funded or influenced, has worked to break down the once all-encompassing danwei and hukuo, or work unit and household registration systems, which allowed authorities to interfere in almost all facets of an individual's nonwork life.

At the same time, China's greater involvement with the world has limited its ability to slow its economy though the broad, dual moratorium on domestic credit and imports that solved its 1988-89 overheating problem. Besides, too harsh a slowdown could neight-

en domestic tension where, for example, the state-owned enterprises account for 68 percent of industrial sector labor, but just under half of output. Beijing hasn't forgotten that Tianan-men Square can be blamed in part on the social dislocations caused by the 1989 economic

A rapidly changing economy, competing claims for domestic influence and a rising international presence will test China after its senior leader Deng Xiaoping, 89, dies. "China has had just two strong leaders, Mao

and Deng, and both have given China a strong sense of mission and momentum," said Bob Broadfoot of Political and Economic Risk

Constultancy in Hong Kong.

"The question is who will emerge to continue that trend. If no one does, the tendency of a bureaucratic situation is to focus on the day-to-day issues and lose direction."

An Uneven Development for Human Rights

Continued from Page 7

was fighting the Nationalist government of Chiang Kai-shek during the Chinese civil war.

"They were talking about democratic freedoms, about equality," said Mr. Wang, during a recent interview in the southern city of Guangzhou. "If now they are saying these were false slogans, that they are no longer important to the Chinese people, then how do you justify the thousands of lives that were sacrificed in

"The human rights situation has worsened this year," he said.

In addition, the economic reforms are begin-

ning to hurt certain sectors of society, and these Chinese are not happy: peasants who have seen their real income drop in recent years; workers in failing state-run enterprises who are not getting paid, or only receiving a portion of their wages; others on fixed-in-comes who are struggling to make ends meet as inflation - nearly 25 percent in the major cities in the first quarter —climbs to its highest rate since the 1989 Tiananmen Square crack-

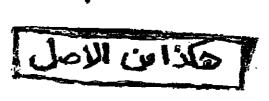
But these groups are not allowed to express their discontent, Mr. Deng, who turns 90 in August, has left no real successor. More than ever, the ruling Chinese Communist Party wants to keep a lid on the underlying discon-

tent for fear it could threaten social stability and the party's hold on power.

Toward that end, the government has been introducing laws that further restrict activities as diverse as religious worship, filmmaking, setting up cable television networks and forming social organizations.

Authorities recently amended a public security law to give police the legal basis to detain and restrict the activities of pro-democracy and labor activists, as well as religious and national minority groups.

LENA H. SUN is the Beijing bureau chief for



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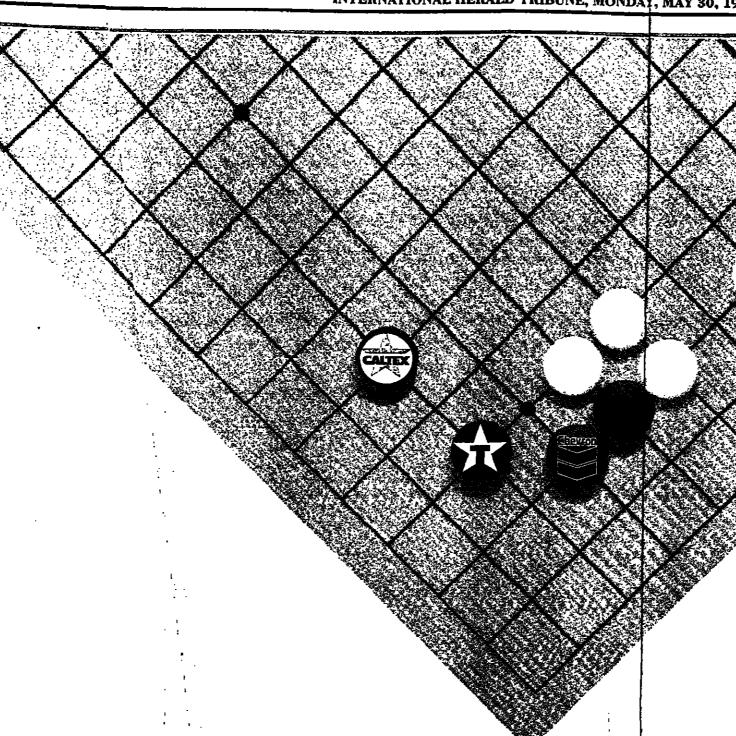
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Cities Plagued by Shortage of Housing

By Richard Tomlinson

EIJING — At Galar Hutong, a rundown alley in a district of Beijing, the cadre from the local housing administration bureau is trying to persuade the residents that it is time to move out. On offer is improved accommodation close to their present homes, with the possibility of returning once the street has been renovated. The residents are initially reluctant, but the cadre soon convinces them to change their minds in the cause of the city's housing reform program.

Unfortunately. Galar Hutong does not appear on the map of Beijing. It is a play currently running at the Beijing People's Arts Theatre to packed audiences, for whom the desperate shortage of decent accommodation in the capital—as in the rest of China's overcrowded cities—has become a critical issue. Such has been Galar Hutong's impact that in March the theater was graced with the presence of President Jiang Zemin and Prime Minister Li Peng. Congratulating the performers on their success, Mr. Jiang told them that "art should try to show realistic life."

Yet in the real world not far from the theater, city authorities have adopted a more brutal (and potentially lucrative) solution to the housing problem. About 20,000 houses in the city center are being demolished to make way for a new financial district, already known wishfully as Beijing's Wall Street. There is no question of modernizing the houses, some of which date from the Ming dynasty, nor of residents being offered the chance to move into new accommodations nearby. Instead, they are being relected to Daxing, 20 kilometers (12 miles) south of the city.

There is no question that China's housing crisis requires drastic measures. According to official statistics, the country's 200 million urban residents have an average of only 8 square meters of fiving space each. Last year. Construction Minister Hou Jie estimated that by 2000. China would need to build a 1.35 hillion square meters of new housing and renovate 30 million square meters of dilapidated property. The ministry said more than 306 hillion yuan (\$35 hillion was spent on urban housing projects in 1993, a 78 percent increase on the previous year, despite the government's economic austerity program.

The majority of urban residents live in housing owned by their work unit for the work unit of a relative), for which they pay a peppercorn rent. But since 1980, when senior leader Deng Xiaoping announced that city residents in downtown areas could buy their homes, the government has been trying to reform this system.

One goal is to relieve work units of the financial burden of providing accommodation for their employees: a second goal is to create a market in private property that will help reduce the urban housing shortage. In addition, the government aims to increase rentals in the state housing sector to pay for new construction work.

The problem is that even after a decade of rapid economic growth, few of these 200 million people can afford the price of property. This April, "China Taxation News" reported that while the average annual savings of urban chizens is 1,500 years, the average market price for a 50-square-meter apartment in a big city is more than 60,000 years.

Not surprisingly, this gulf between purchasing power and real-estate prices has led to a slump in sales of newly constructed private property. A recent official survey estimated that there is about 50 million square meters of unsold "commodity housing" in China, representing a total investment of 50 billion yuan.

A visit to the Beijing Real Estate Transaction Market, a branch of the Housing Reform Office, confirmed that business is not exactly brisk. At 9:30 on a weekday morn-

China's urban residents have only 8 square meters of living space each.

ing, only two potential customers had appeared for advice and information about house purchases.

For the vast majority of China's urban entizens, buying their own work unit accommodation is the only feasible option. In Chengdu, the capital of Sichuan, work unit houses are being offered to tenants at extremely low prices, with certain conditions attached. One government cadre paid his employer 10,000 yuan for his apartment, but reckons its true value is perhaps seven times as much. If he chooses to sell the apartment in the short term, he must first offer it back to the work unit, But within a few years he will acquire full property rights.

Such deals sound almost too good to be true, and this year the State Economic Restructuring Committee has issued new regulations governing the sale of work unit ac-commodation. These declare that in principle, such accommodation should be old to tenants at the market price. Where the tenants' income makes the market price prohibitive, a "standard" price will apply. calculated according to the prospective purchaser's annual salary and the funds invested in the property by the work unit. According to Liu Zhifeng, vice minister of the State Commission for Restructuring the Economic System, the "standard" price will move. By 2003, it will have gradually risen to a oint where the work unit can make a small profit from the transaction, he said,

To hasten this happy outcome, housing reform officials are promoting "collective funding" between the work unit, the state and the individual property buyer — a system first introduced in Shanghai in 1940. Under collective funding, when a work unit property is sold, the factory continues to

"invest" in the apartment by paying water, electricity and heating bill: the state's "investment" is represented by tax deductions; and over the years, the individual's "investment," in the form of loan repayments, is expected to increase proportionately.

Such measures beg the question of whether it is possible to regulate China's urban housing market, which increasingly resembles a jungle. In particular, China's leaders are faced with a huge mass migration from rural areas to the cities.

rural areas to the cities.

For the residents of Zbejiang village in Beijing, about five miles south of Tiananmen Square, housing reform is an issue of necessity, not theory Zhejiang is a province in southeast China, and the "village" contains as many as 500,000 rural migrants from the region, who have arrived in Beijing during the last decade in search of work. A bustling clothing production and retail community has evolved.

The municipal government has claimed the district for the city's development program; in two to three years about a third of the villagers will be relocated to public hous-

ing in the outer suburbs.

Li Xuegang, who selfs sharts in the clothes market, is one of the few villagers who is not worried by the municipal government's plans. He and his wife, together with their daughter, pay 300 years per month for a 15-square-meter room in a private house belonging to a Beijing resident; electricity and water are extra. Mr. Li, who arrived from Zhejiang four years ago, o confident that when the house is knocked down, he can find another room for his amily.

I 18 Mr. Li's landlerd, a local parkkeeper, who is dismayed at the prospect of losing the family home. "The government has said that they will offer back the new house to him at a good price," Mr. Li says, "But m, innellord is sure this won't be enough mone; to pay him back for the tent he's going to lise in the meantime."

Many other Beijing residents who real rooms in their own houses, or secretly sublet rooms in apartments belonging to their work-unit apartments, feel the same way. With living space at a pren turn, these unofficial landlords can make a much as 4,000 yuan per year.

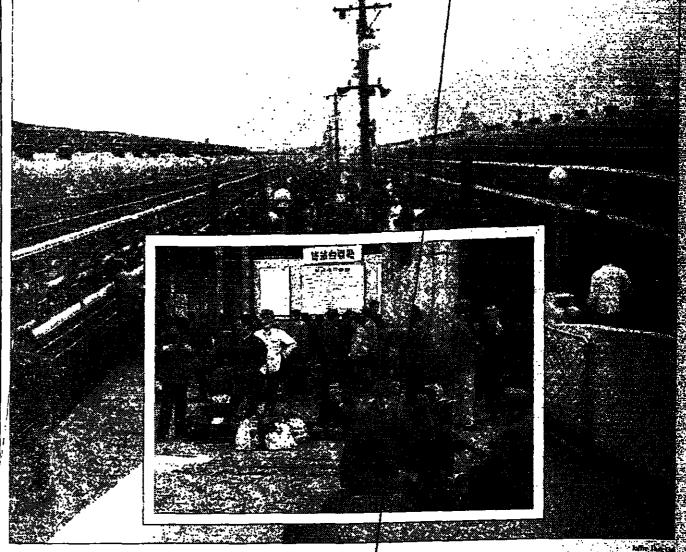
Such conflicting interest, between recentby illegal migrants, city revidents steking to capitalize on their property, and a tashstarved manicipal golemment greeds for land, are a far ery from the straightforward problems confronted (and solved) in Galar Hutong.

complex that four months into 1994, this year's guidelines for the housing reform program have yet to be issued.

"The government should do more beneated things for the poorle." It have told the

cial things for the people." Li Peng told the cast of Gala Hutong with reference to the housing crisis. The question is how.

RICHARD TOMLINSON is a with the like ing in Beying



An estimated 50 to 60 million Chinese have flocked to the major urban areas in search of work.

Peasants in Search of Urban Prosperity

By Ted Plafker

EIJING — Just off the train after a long trip from his home in the Chinese countryside. Ye Zhenfen, 27, is wondering whether he made the right

"I knew before I set out that there would be a lot of other people like me here, but I see now that finding work might really be a problem," says the peasant from Anhui Province, one of Chingle Progress.

He has the names of a few people from his own village who came to Beijing last year and who he hopes, will be able to help him get work and a place to stay. But standing with his meager belongings in band outside the main railroad station. Mr. Ye has no idea how to go about finding them. Clearly, he will need some time to adjust to life in the big city.

Nobody knows just how many peasants have, like Mr. Ye, chosen to trade the known hardships of rural living for the uncertain promise of a better future in the rity. Official estimates say that 50 to 60 million peasants have left their hometowns in searth of greener pastures, and that at least half of those have settled in clues all over China.

Last year Beging alone received 1.5 million noral workers, nearly a third of them from neighboring Heber Province. The rest come from further afield — Sighaan, Zhejiang Annai, Henon and Jiangsu are all well represented.

Some un-official estimates claim that the nationwide figure for Chinal- ficaling population could be as high as 100 minlen. By all accounts, the trend continues to grow and could scon pose a threat to the rapion's precartious social stability.

According to Liu Binyan, a Chinese intellectual now living in exile in the United States, a large peasant migration has, throughout Chinese history, been a sign of serious trouble. "In our country that has always been an indication of the end of a dynasty," Mr. Liu

"This is not to say the current government is about to fall," he hastens to add, "but if it

reaches the point where his large floating population does not find tork and does not have enough to eat, then there will be big

So far the cities have bein able to absorb the influx, making good use of the low-priced labor. With double-digit economic growth and an unprecedented building boom, construction jobs remain plentiful. Navly arrived peasants are also willing to take anitation and manufacturing jobs that urban dwellers find unappealing.

But the central government has expressed feart that it is becoming too easy for migrants to run businesses without any regard for regulations or taxes. There is also concern that transients are managing to circumvent China's strict family planning apparatus, which seeks to limit couples to having only one child.

For their part, the cities appear to be ap-

For their part, the cities appear to be approaching the saturation point, and there are signs that the welcone mat in some places is about to be withdrawn. Beijing residents are beginning to show flustration with ever-growing numbers of outsiders who are straining the city's supply of water and electricity, and crowding locals out of public transport. Authorities claim that rural job seekers now account for 70 percent of the ridership on Beijing's subways action.

ing's subway system.

There are also frequent complaints of an increase in petty frime. Beijing police report that transients were involved in 44 percent of all criminal cases reported last year, compared with 22 percent in 1990.

Beijing shopkeeper.

"A lot of them live hand to mouth. If they find work in the daytime, they're fine, but if they don't they have to steal something at night

they don't they have to steal something at night just to get by the complains.

Much farther south, just over the border from Hong Rong, is the city of Shenzhen which, as the first and most successful of China's experimental special economic zones, has attracted more than its share of migrant workers. But with transients involved in 93 percent of crimes reported in Shenzhen last year, the city appears to have lost patience.

city appears to have lost patience. In April Shenzhen's municipal authorities announced the successful conclusion of an operation to "clean up" of outsiders dubied the "three withouts" — those lacking identify documents, residency permits and legitimate employment. During the monthlong operation, authorities reportedly sent some 230,000 "three withouts" people back to where deep

But analysts contend that the difference is living standards between city and countryside is so great that the migrant labor tide will not easily be stemmed. Ever since the Community Party came to power in China in 1949, city residents have been the privileged recipients of generous subsidies for housing, food, medical care and transportation.

Rural dwellers, meanwhile, have enjoyed ligtle in the way of subsidies. Instead, they have had to shoulder heavy burdens in the form of taxes and arbitrary fees often demanded by corrupt local officials.

HINA'S headlong rush toward a more market-oriented economy has brought foreign investment and rapid growth to the cities, making the existing disparity in rural and urban living standards even greater.

At the same time, greater privatization of economic activity has meant that people no longer need to depend on government administered distribution of bousing and food. Under the old "household registration" system instituted in 1958, commodities were available mainly through outlets controlled by the government. Citizens could only receive their rations if they lived, with appropriate documentation, where the government told them to.

Although technically still in effect, the household registration system has been made obsolete by the easy access to other distribution channels. Reports in Chinese newspapers have hinted at plans to discourage migration to the largest cities by scrapping the household registration system entirely and allowing peasants to move freely to any of China's 323 smaller, county level cities.

TED PLAFKER is a writer based in Beijing.

For Expatriate Rents, the Sky's the Limit

By Sherry Buchanan

UNMING. China — The sun is very hot and dry even though it's late afternoon in Kunming, a booming city and capital of Yunnan, China's most southwestern province bordering Burma. Laos, and Vietnam.

With a railroad track connecting it to Hanoi.

Kunming was once the city that supplied North Vietnam with arms during the Vietnam War and is still the main trading center for opium from the Golden Triangle. What has changed is that Kunming is now attracting foreign investors because of its petrochemical, manufacturing, tobacco and agricultural industries as well as year-round dry, sunny climate, fertile land, gastronomic delights, and city officials who want to turn the place into China's new Silicon Valley.

But like in many other prospering Chinese cities, the only place business people can live is in a hotel. Sixty engineers from Molins PLC, the company that supplied Yunnan Tobacco Co, with its machinery, for instance, have been holed up in the King World Hotel for the last two years. The four-star hotel does boast a rooftop rotating restaurant, the largest Viennese chandelier in Asia and a white grand piano worthy of Liberace in its lobby, but, still, it is not quite home.

"Kunming has 350 foreign joint ventures and the province as a whole had a \$1.26 billion trading volume last year but no office or residential accommodation exists to international standards for the growing numbers of executives coming to the city right now," says Ben Lee, a Hong Kong property developer whose FBC Construction Co, has just started building the first large residential, office and shopping complex in the center of Kunming, complete with a fitness center and videoconferencing facilities.

IMILAR scenes can be found in Chinese cities that are attracting increasing numbers of foreign investors and where housing has not kept up with demand. At the top of the list is Shanghai, which last year had 130 applications from multinationals to set up operations, including Sony Corp. and McDonald's Corp.

Right now average rentals on the Green Valley Villas next to the Shanghai airport are \$4,000 to \$5,000 a month, But some luxury rentals in Shanghai and Beijing can be even higher than Hong Kong's. A three-bedroom

apartment of 125 square meters (1,350 square feet) in the Portman Shangri La in Shanghai, which houses the American Club and the American Consulate, rents for 58,400 a month: a 100-square-meter two bedroom apartment rents for 36,300 a month. There is a "paid" waiting list of 52 people, which means you have to purfone month down to get on the list. The luxury Landmark Kempinski in Beijing has no

A luxury housing complex in Beijing has a waiting list of 200 people for a total of 161 apartments.

apartments available either and has a waiting list of 200 people for a total of 161 apartments. A two-bedroom there rents for between \$6,364 a month (for 88 square meters) and \$8,010 (for 111.25 square meters) a month. That translates into \$72 a square meter amonth, which is higher than the rental per square meter in one of Hong Kong's most prestigious block of flats, The Albany, where it is \$60.

With so little housing available and at such high prices, multinationals are moving faster than they have in any other new markets to staff their operations with Chinese nationals rather than with expatriates.

"In the No. I position there is more and more tendency to look for Chinese, be they from Hong Kong, Singapore or the U.S. But at the deputy level, more and more Chinese nationals are moving in as they gain management maturity," says Peter Tan, chairman of Korn Ferry International, the head-hunting firm, in

Hong Kong.

In a few cities, there are new residential and office projects on the drawing board that will ease the drastic housing shortage next year. The biggest development plans are for Shanghai, where parts of the city look like Dresden after the World War II bombing, as whole streets are demolished to make way for an estimated 600 new projects. Even so, many real estate brokers in Hong Kong expect luxury housing to remain expensive.

"Rents will continue to rise at least in 1994 because the actual supply is limited. But starting in 1995-96, there will be a huge supply in Shanghai and rents should stabilize," says David Cheung, a director of property consultants Vigers Hong Kong Ltd. Mr. Cheung doesn't

expect that to last as he believes many U.S. multinationals and investment banks could then choose Shanghai over Singapore or Hong-Kong to set up regional Asian headquarters, leading to supply shortages again. He guesses there will be only between 30 and 40 new projects in Beijing.

In addition, the Beijing central government has just restricted the sale of land to foreign developers in an effort to regulate supply, a move that is likely to further support high sale and rental prices of offices and apartments: U.S. corporations and investment banks are known to be applying pressure on Beijing to ease the housing situation.

For Chinese nationals, however, the housing situation can be very different. The local chief of a foreign investment bank in Shanghai only pays \$2 a month in rent for his apartment, which is subsidized by the government.

LLIED Group, a large Hong Kongconglomerate, pays its five top mainland Chinese managers, who work mainly in the north of China, between \$800 and \$1,000 a month. According to a survey by the compensation consultants: Wyatt Co. in Hong Kong, the average takehome pay for a senior Chinese manager working for a wholly owned foreign subsidiary was \$1.383 a month last year, or roughly one-tenthof the cost of the base salary of a senior expatriate manager.

expatriate manager.

But this situation may not last, and multinationals may soon find themselves having to foot the bill to house their Chinese managers too, as the government eases its way out of the benefits' business such as housing, retirement payments and medical care — what the Chinese call the "iron rice bowl."

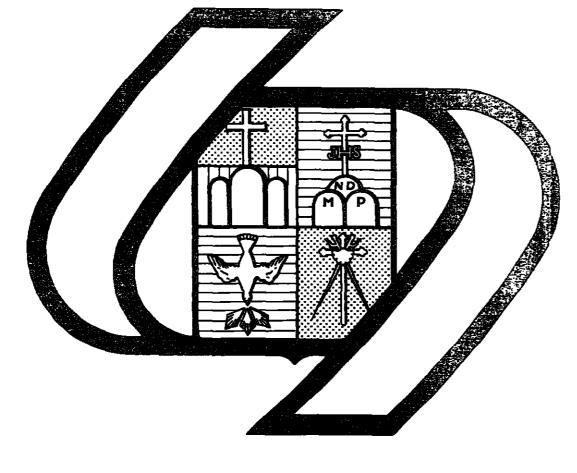
"The cradle-to-grave notion has broken down and housing is a contentious issue. No foreign company knows what to do but they don't want to get into the business of being a landlord," says Paula De Lisle, director of compensation with Wyatt Co.

compensation with Wyatt Co.

Salaries for Chinese managers are also increasing. According to the Wyatt's survey that covered foreign companies in Shenzhett. Beijing, Guangzhou and Shanghai, salaries paid to their Chinese staff increased 23.5 percent last year and pay is expected to go up 18.1 percent more this year.

SHERRY BUCHANAN is a writer based in Hong Kong.

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By John Kohut EIJING - In January of last year. Jiang Zhuping, the aviation commis-sioner, read China's accident-prone airlines the riot act. "The whole situ-AIG Mulicurre, ation has reached a critical juncture," said Mr.
AIG South Extra Jiang, former head of the Civil Aviation Ad-Lieuidh ministration of China, after five crashes claimed 380 lives in 1992 - one-fifth of the TUBZ Lleviditi world's airline fatalities that year. "If we crash d Allied Bero None more aircraft, CAAC will have no credibil-

to make 1993 the "year of safety." Jopen It did not work. Since then, five more crash-North Ameri es have claimed 76 lives, and because of lax security, hijackers have had a field day, forcing A DIA SECURITY, INJACKETS HAVE HAD A THE TO THE HEAD ALPHA FUND HE AIR HILLS SINCE APRIL LAST VEAR TO THE TOTAL CHARGE. Alpho Asio H Taiwan — a major embarrassment for China's communist rulers and a propaganda windfall n Alpha Globa for the rival Chinese Nationalists who control malpha Globa for the rival Chinese Nationalists who control malpha Hedge that island state.

Flying in China has become so dangerous. sam the U.S. based International Airline Passenger Smort Association recently said, that one might be smith safer on the streets of Sarajevo than on a Chinese plane. China has one fatal accident per 100,000 domestic flights, compared with a world average of one per 1.5 million flights.

Now, however, there are signs that the government and airlines are starting to take action

"I think they're going to get their act together," said Frederick Lee, the Beijing representative of the U.S Federal Aviation Administration, which set up an office here this year to help the Chinese reach international aviation Up to now, to be a frequent flier in China

was to collect a portfolio of travel horror sto-

It is not just the simple, sometimes surreal annoyances — such as watching flight attendants dine on first-class dinners after serving

mistake because, we think he was too tired." the front cabin economy-class box lunches. Gross breaches of basic security are comsaid Mr. Xu. mon, ranging from seats without belts, to

This year China's government is putting \$30 million into safety facilities, including defensive stockades around airports and security inspection and fire prevention equipment.

Flight crews are reportedly being given antihijacking training while he authorities work out a new strategy to dea with the threat.

Several airports now have designated lines for security checks of passengers flying southbound routes such as to Juangdong and Fuian provinces, the most rulnerable to hijackng attempts. Ground staff have been ordered to check all hand baggage compared with only a 20 percent rate of checks before. While it is difficult to ascertain whether all airports are complying, travelers note hat security staff are regularly asking passengers to hand over knives and other instruments that might be used as weapons during the flight.

HE pilot shortage is likely to continume in China grew by nearly 20 percent after 33 percent growth rate in 1992, and 28 percent ue for some time, as it takes four years to train a pilot in China. But the country's only full-fledged aviation school, located in the southwestern provpleased to see such demand, but in China, the ince of Sichuan, is expanding its facilities in order to double its enrollment from the current 300 within a few years.

> Meanwhile, special inspection groups have been granted the authority to downgrade or uspend unqualified pilot.

China is also planning to install half a dozen simulators this year. Up to now, it has had only make up for the shortage. Chinese pilots have a few simulators and has put what one analysi called excessive reliance on flying planes, which means that pilots do not get much practice in handling emergences.

More pilots are being sent abroad for training. China Southern, which is seeking an overseas stock market listing, has acquired a stake in a pilot school in western Australia, where it

hopes to train 100 pilots each year. This year Northwest Airlines of the United States began giving Chinese pilots working for five Chinese carriers certification courses to fly all types of

Up until recently, the military has controlled all of China's air space, relegating civilian aircraft to narrow bands between cities. "It's like sending planes through a very narrow tube. When the weather is bad, you're stuck," said an analyst.

This year, however, the military gave CAAC control of air space on routes between Shenzhen bordering Hong Kong. Guangzhou and Beijing. Airline officials hope the military will

eventually pass over other air space to civilian control, which will not only widen flight bands but should also mean a higher frequency of take-offs (presently, flights are allowed to take off every 10 minutes, a much lower density than in Western countries) and cut some of the red tape in launching new routes: In terms of service, China's airlines are gen-

erally rated near the bottom in international surveys. About a fifth of all domestic. flights are delayed. Passengers are sometimes stranded in airports overnight without even drinking water. The airlines frequently neglect to give clear reasons for the delays, or simply

But Chinese passengers are starting to light back Last January, 81 passengers on a China Northwest flight from Guangahou to Bejute launched a lawsuit against the airline after the flight was cancelled because the pilot was too tired. The passengers demanded an apology. compensation for emotional stress and half the cost of the ticket. What's more, an official newspaper encouraged passengers to study the case so that they could learn to protest their lawful rights.

JOHN KOHUT is Beijing bureou chief for the South China Morning Post.



One of China Northwest's Airbus A310s; last year, China's air passenger and cargo volume grew by 20 percent

In Southwest China, Glimpses of Fading Naxhi Culture

By Richard Tomlinson

IЛANG, China — In Lijiang's main market, Yang Wei Sheng, a poet, is on the prowl for Westerners with whom to practice his English. Now in his seventies. Mr. Yang says he learned the language from Joseph Rock, the Austro-American botanist and explorer who lived in the town from 1922 to 1949. Mr. Yang explains that, in return, he taught Mr. Rock to speak the local Naxhi tongue - an honor shared, it seems, with several other senior citi-

enjoyed Mr. Rock's friendship. The Naxhi national minority to which Mr. Yang belongs numbers about 275,000 people. who regard the town of Lijiang as their capital. They live in the northwest corner of Yunnan Province, not far from China's border with Burma, Mr. Yang was one of many Naxhi who suffered during the Cultural Revolution in the 1960s, when Red Guards traveled through the mountains from the state capital of Kunming. 600 kilometers (370 miles) to the south, determined "to hold aloft the great banner of Mao

zens in the Lijiang area who also claim to have

Zedong's thought" — which in Lijiang meant seeking to obliterate the local Naxhi culture.

planes taking off while passengers are still

irving to find their places, to pilots being

forced to fly as many as double the maximum

hours permitted by law. One domestic airline

based in the southern, anything-goes island

province of Hainan even allowed unlicensed

dented boom in China's airline industry, re-

sulting from rising affluence and double-digit

economic growth. In the rush to make profits.

safety and service have been sacrificed and

officials constantly lambaste the country's in-

creasingly autonomous airlines for being too

quickly," said Xu Muzhi, managing director of

the Shanghar-based China Eastern Airlines.

Airlines in other countries would be only too

pressure is clearly beyond the airlines' ability

to cope. For instance, the demand has turned a

surfeit of pilots into a shortage. Some regional

airlines have turned to the Russians for twet

leases," that is taking on Russian pilots and

been flying as many as 200 hours or more a

month, even though national regulation; set a

ceiling of 100 hours to prevent pilots from

becoming overly fatigued and thus more prone

ing in August 1992, killing 104 people, had

been flying more than 150 hours a month. "He

was one of the best pilots, but he made a

to make mistakes, according to Mr. Xu. The captain of a flight that crashed in Nanj-

Even so, there are not enough pilots. To

flight attendants along with the aircraft.

one of the biggest of China's 39 carriers. Last year, airline passenger and cargo vol-

'I'm worried about the industry growing too

The source of all this mayhem is an unprece-

personnel to fly its planes.

A large statue of Mao still stands on the main road through Lijiang, but today his outstretched arm points passersby toward Peter's Care, where decadent gastronomic influences are rampant. "Peter" (or rather, his hard-working wife) serves an all-day breakfast of cereal. vogurt and scrambled eggs, as well as perhaps the best apple pie in southwest China. After decades of relative isolation. Lijiang is

gearing up for a Western tourist invasion. At the moment. Lijiang can only be reached by road, and the journey by bus takes two days. with an overnight stop in Dali. In October, the town's vice director of the Key Projects Office. Xie Huanyu, states confidently, the new airport will be opened, providing direct flights from Kunming for the first time since the '70s. The old airfield, which served as a base during World War II for General Claire Chennault's Flying Tigers, was closed after even the Chinese aviation authorities balked at the number of planes crashing on the dangerous approach through the mountains.

Today, the rugged mountains and the distinc-

tive Naxhi culture are Lijiung's principal attractions. A few miles north of the town looms the highest peak in the range, Jude Dragon Snow Mountain. Opinion differs about whether its 5,596-meter (18,300-foot) summit has ever been reached. The Chinese claim that a "research team" from Beijing got to the top in 1963. The Naxhi scorn this suggestion, taking pride in the fact that their mountain his defeated the Americans, the Japanese, and most recently, an expedition by the People's Liberation Army.

Joseph Rock was not the only foreigner to be drawn to these mountains. Over the decades, Lijiang has played host to a steady flow of overseas visitors. Peter Coullart, a White Russian emigré who worked in Lijiang during the 1940s as a trade envoy, vrote a memoir of his life among the Naxhi that he called "The Forgotten Kingdom." The writer Bruce Chatwin passed through Lijiang and the surrounding villages in the vinter of 1986 when he met Dr. Ho. another Lijiang native who learned English from Mr. Rock.

But it is Mr. Rock himself, the object of Mr. Chatwin's inquiry, who eft the most indelible impression on local people. He made his home in old Lijiang, which despite occasional fires the most recent in 1992 - remains the most complete traditional wooden town center in China. Along the cobbled streets and narrow canals, Mr. Rock would take his morning stroll; and in hot pursuit, so Mr. Yang recalls, would follow crowds of taunting schoolchildren, shout-ing "Leke! Leke!" (the Naxhi word for "rock"). Mr. Rock appears to have had little interest in assimilating the Nexhi customs he had come to study. At home, he are off a gold dinner service. On his trips through the mountains, his Naxhi porters were required to carry a canvas bath purchased from Abercrombie & Fitch.

FTER 25 years, Mr. Rock at last felt able to deliver the fruit of his research to the Harvard University Press: "The Ancient Naxhi Kingdom of South-west China." a two-volume work that is both massively authoritative and virtually unreadable. Mr. Rock's failings as a writer perhaps explain why misconceptions about Naxhi society persist. The Naxhi, an officially approved Chinese travelogue, states, "have been known throughout the world because of their unique matriarchai system. Older Naxhi women, conspicuous in their

traditional blue blouses, peaked caps and capes. certainly play a prominent role in the local economy. To put it another way, they seem to do most of the hard work. On a hot afternoon in the village of Buisha, a few miles north of Liftang. the men were playing mah-jongg in the shade of the local temple. Out in the fields, the women were tending to the wheat crop. It is the women. too, who carry the fruit and vegetables to Lijiang. market, using huge wicker baskets strapped to their backs. As "matriarchs," they endure a surprising amount of servitude.

While the women toll, some older men are the old town. Xuan Ke and his band of Lijiang. gentiemen (leavened, it has to be said, by a few girls from the local music college) regularly perform a recital of traditional Naxhi music. Mr. Xuan assures his audience of Japanese and Western tourists that this is the last vestige of traditional Taoist temple music. The instruments — a combination of gongs, bells, lutes and drums - are suitably ancient, and for an hour the players bang, pluck and chime their way through "Song of the Water Dragon." "The Clean Stream and the Old Man." and

A mile away in the Black Dragon Pool Park lies another bastion of Naxhi culture, the Dongba Research Institute, opened 10 years ago when Beijing adopted a more accommodating policy toward minorities. Dougha Fetishism, once the Naxhi village religion, is now practiced by only a few old people in the mountains around Lijiang. The scriptures were written in complex pictograms, and at the

Snow Dragon Jade Mountain, the 18,300-foot peak just north of Lijiang.

institute three elderly scholars, also known as dongbas, devote their last years to translating more than 900 volumes into Chinese. Time is short: the dongbas will soon join their ancestral spirits in the dongba afterworld, and no money exists to train a new generation of sages. In any case, it is not clear whether the next generation of Naxhis regard the effort as a

priority. These days, few of the younger Naxhi women bother to wear the traditional blue costume. A 24-year old government cadre explains that "it's too heavy. I wouldn't wear it even for my wedding." Yet there persists an acute sense of being

different from the Han Chinese, who live in the new half of Lijiang, and whose parents and grandparents, in general, brought only death and taxes to the Naxhi people

Now, for the first time in living memory, the Naxhi have friends in high places. The governor of Yunnan Province, He Zhiqiang, is a Naxhi from Lijiang. But other memories die hard. At the temple in Baisha, the dongba wall frescoes bear the scars of the day the Red Guards came to the village. In a fit of revolutionary ardor, the guards gouged out the eyes of the dougha figures, and defaced the pointings with frenzied scratch marks. The charm of the ancient kingdom Joseph-Rock explored is still pelpable; so too is the terror visited on the Naxhi by the communists a generation ago.



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The Push to Attract (Wealthier) Tourists

By Conrad de Aenlle

S TRAVEL to and around China continues to rise at a strong pace, tourist facilities are being added and improved to handle the flow, and to try to draw a wealthier class of foreign

China last year welcomed a record number of foreigners, 41.5 million, an increase of 8.9 percent from 1992, according to the state Tourism Ministry. Revenues from tourism went up at a faster clip, rising 18.3 percent to \$4.7 billion. One problem authorities face is that despite

the relatively greater expenditure, the absolute amount that the average tourist parts with is quite small, not much more than \$110. That reflects the overwhelming number of guests making short trips from the neighboring locales of Hong Kong, Macao and Taiwan, that are included in the traffic statistics.

Harsh Varma, an Asia specialist for the World Tourism Organization in Madrid, estimates that no more than 15 percent of travelers to China are "genuine tourists" from abroad. And many of those, he said, are from the former Soviet states and Mongolia - not big spenders. These make up two of China's five biggest foreign tourist markets; the others are Japan, the United States and Singapore.

To lure more and richer foreign tourists, number of ventures have been launched to add hotels and other facilities.

"China is attracting heavy investment in tourism-related projects." Mr. Varma said. "You'll find most of the international hotel chains making heavy investments. They aim to double their capacity by 1000.7 An affiliate of the French hotelier Accor SA,

for example, signed an agreement in January with the State Planning Commission to open 50 hotels in the next three years, mainly by fixing up existing ones. The company plans to set up a fund of \$150 million to \$200 million to finance the work. Once the hotels are ready to open, Accor will manage them.

One of the government's goals is to spread tourism away from Beijing and Shanghai, which remain the two biggest destinations.

"There are a number of infrastructure development projects coming up as China takes an interest in opening up other areas," Mr. Varma said. "We think China will be in a position to diversify tourism in the next five years. There has been a very strong element of over-reliance on traditional products, but they are realizing that it will reach the saturation point." Among the projects under way are ski resorts in the north and beach resorts in the south, he said.

The China National Tourist Office is trying to introduce foreigners to more of China through annual travel themes; mountains and rivers in 1993, cultural and historical artifacts this year, customs and folklore next year and leisure activities in 1996.

The effort seems to be working: "First-timers will go to the major cities, but there are a lot of repeat travelers who go to the new tier two destinations," said Simpson Choi, who handles international business development for American Express Co. and served as its general manager for China.

HESE include Dunhuant, a city on the old Silk Road to Europe: the Hunan province city of Kunming: Hainan Island, promoted as the "Hawaii of the East," and the Yangtze River, where cruises have become popular.

These spots are being visited by ever more Chinese citizens as well, who are taking advantage of the country's new-found prosperity. As the national economy has been beening

so has the number of tourists around the country," said Xu Jing, who follows Chinese internal travel for the WTO. Domestic travel "is on an up trend and has been growing rather rapidly. "Maybe in the recent past, the government didn't pay enough attention to this sector," Mr.

Xu added. "The national tourism administration was working more toward international tourism, but I think this is more beneficial for regional development, in the sense of diversification of economic development and the spreading of benefits toward areas that wouldn't otherwise benefit from tourism."

He said that in the past the facilities used by Chinese travelers tended to be basic, at best Now, however, they are staying in better hotels

"three-star-type places" — and indeed the difference between the sorts of hotels that locals

and foreigners stay in has shrunk considerably. Domestic travel may be a boon to local economies, but attracting foreign visitors, and the hard currency they bring with them, remains the principal goal of tourism officials. Mr. Varma said he expected growth in true foreign tourism to China to rise by 10 percent to 12 percent a year between 1995 and 2000. If

such a healthy rate is achieved, it will be in spite of a number of well-publicized recent

shaps that have raised questions about the salety of Chinese transportation. The Taiwanese government suspended tours to China after an arson fire on a pleasure boat on a Chinese lake that killed 24 Taiwanese tourists in March. The ban was lifted about a week ago. More than 1.5 million Taiwanese

spent close to \$600 million in China in 1993. After suffering the worst year in Chinese civil aviation history in 1992, when five plane crashes killed more than 380 people, last year was declared the "year of safety" for the country's airlines. It did not live up to its billing, however, as three crashes took 73 lives. There were nine

ckings as well. Mr. Xu noted that the rapid growth in air service — the passenger load grew by 20 percent last year — had prompted Clima to decentralize airline operations. A likely result, he said, is that

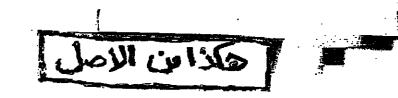
"the quality of service and safety will improve."

Mr. Varma said he expected the effect of the plane crashes to be fleeting: "When these things happen, they make headines for one or two ks and fade away very fast. These factors will not have a long-term effect."

HAT may have a more lingering influence is the tussle with the West over human rights. "This factor is more political in nature and has a more lasting effect," he said. "You'll find a lot of people who otherwise would visit." China, including tour groups, are not visiting. They're saying. No, we'll wair until it im-

The wait may not last long. "Americans have a very short memory," Mr. Choi of American Express said. Referring to the massacre of pro-democracy demonstrators near Tianammen Square, he said that "in 1989 a lot of people refrained from going to China. but after nine months or a year they started to take tours again."

CONRAD DE AENLLE is a writer in Paris who specializes in economic and financial topics.



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By Catherine Sampson

EIJING - A young woman smiles coyly, posing beneath the branches of a tree in blossom, and tells millions of viewers what she is looking for in a man. Her requirements for Mr. Right - that he is kind and has a sense of humor — are not as sur-prising as the fact that such a frivolous program as the matchmaking "Tonight We Meet" appears at on Chinese television

Traditionally, news of bumper harvests and revolutionary operas have filled the nation's television's screens. Never mind whether viewers liked to watch or not, the authorities saw television primarily as a propaganda tool.

Happy peasants and odes to Chairman Mao still play a part but as China's economy has become increasingly market-oriented, the government has told the media to be more self-sufficient financially. Now audience satisfaction matters because advertis-

ing revenue matters.
In April, Tan Xisong, the manager of China Central Television's dvertising department, said that advertising nationwide had in-creased 94 percent in 1993 over 1992 and that in 1994 it would again increase by between 50 and 60 percent. There are 13 television sets for every hundred Chinese, which makes it an excellent vehicle

To draw audiences, radio stations have started to broadcast live chat shows; tabloids have taken to digging for gossip, and television viewers can at long last choose a diet of soap operas, matchmaking and consumer programs punctual-ed by advertising breaks.

Indeed, sometimes it is hard to see where the advertising ends and the programming begins. Couch potatoes can relax two evenings a reek in front of "TV Shopping." Without ever having to leave their homes, viewers are taken on a tour of a store. The camera lingers lovingly on a sweater or a TV set as a shop employee recites a sales spiel. If the viewer is tempted, he or she can simply dial the number shown on the screen, and the item will be delivered to the door.

Although television stations are still state-controlled, they buy some of their programming from independent and semi-indepen-

vision station can buy a series for tens of thousands of yuan and turn it into a profit of hundreds of thousands of youn by selling ad-

Some producers have tried to get in on the act by incorporating soft advertising within their programs. This practice, however, is not popular with audiences. Viewers have complained particularly about the drama series "Capital Journes" — the set of which is liberally dotted with billboards. Producers have defended themselves by saying that they do not receive subsidies from the state, and that the sale of a series to a television station alone does not cover the cost of production. Even if producers complain that

they are not being paid enough, TV stations are in fact paying more than ever before for good programs. That is partly because there are so many bad programs around. According to China Central Television statistics about tral Television statistics, about a third of all the television dramas made cannot be broadcast because they are of such poor quality. Viewers say that even some of those that are broadcast would have been better left on the cutting

In 1992, however, China Central Television spent the unprece-dented sum of 3.5 million yuan (more than \$400,000) to buy "I Love You, Definitely," a soap opera about a love triangle, written by the popular young novelist and scriptwriter Wang Shuo. Mr. Wang has perhaps done more to revitalize Chinese TV drama than any other margin. any other person. He has now setup a production company called "Sweet Dreams" with a fellow scriptwriter, Feng Xiaoguang, Mr. Wang's formula for a winning series is that "it should not be too long — just 10 or 20 episodes. It must be funny, it must seize the attention, and scripts must not be written by committee."

Another series now in production, called "Shanghai People in Tokyo," about the struggles of Chinese students living in Japan, will cost \$1.2 million to make, because it will be filmed largely in Tokyo. Such a large investment can be justified because stories about the interaction of Chinese and foreigners are, without fail, hugely successful. A 40-part series, "Foreigners in China," is due to be



A takeoff on the U.S. game show "Wheel of Fortune" on Shanghai television.

part "Foreign Girls in Beijing," which was produced by an advertising company.

One of the biggest hits of last year was the drama series "Beijing People in New York." It had all the right ingredients - love, crime, death, handsome actors and good-looking skyscrapers as well as a look at the outside world that for most people remains a dream.

Even today, however, the government has a far from hands-off attitude to television entertainment. Hard-line Maoists hate the fact that Wang Shuo's novels are serialized on television. They regard him as a "hooligan" and accuse him of writing "about riffraff for riffraff." In the words of the official China Daily, his charac-ters "cheat, swindle, drink and smoke heavily, eat and gamble with abandon." These are not traditional socialist heroes.

"Beijing People in New York" got it just right by impressing the authorities with its political correctness. Its producers held a con-ference with the Ministry of Culture last October to discuss the series' success. It was good propaganda, they decided, because of its patriotic message.

Propaganda still dominates the news and the few documentary rograms that are aired.

Producers have tried to introduce Western-style discussion programs, but with pathetic results since there cannot be any free flow of debate. What should be spontaneous discussion becomes a

series of stilted, prepared statements. If a speaker says something he should not have said, his words are simply voiced over with the correct political line when the program is aired, so that he mouths one thing and says another.

Sex, too, is still taboo. When the Jilin Cultural Bureau made a 40episode series out of the erotic classic "The Golden Lotus" last year, it was banned. In two separate incidents in recent months, two provincial television stations briefly aired pornographic films by mistake. Those responsible were immediately arrested.

Other taboos have gone, however. For big spenders, including the growing number of investors in the stock markets, Beijing and Shanghai television stations have started broadcasting Dow Jones global financial information. Once, such broadcasting would have been condemned out of hand as capitalist filth. Similarly, U.S. and British drama series and soap operas would have been proounced politically unhealthy. Today, dubbed foreign drama series are shaping the way the Chinese see the outside world.

Music Television, with its politically dubious lyrics and hair-raising videos, is popular among the ng who are bored with the kitschy cabarets and ballroom dancing classes they usually get on television. Those who have a satellite dish can already watch MTV on the Star TV network.

CATHERINE SAMPSON is a journalist based in Beijing, In theory, it is illegal to own

given official permission. In fact,

thousands of people all over China bought satellite dishes before the

han came into effect last year, and

they have carried on watching

This eagerness to buy a satellite

dish — at the cost of several months' wages — is another re-

flection of the low quality of much

Chinese TV programming. All al-

ternatives to the standard fare are

cheerfully lapped up by a public

starved for good quality entertain-ment. Entrepreneurial television

executives have started cashing in

by introducing pay television and cable stations. So far, although

they are in their infancy, they seem

popular. In one of China's poorest

provinces, Anhui, viewers can pay

extra to see one scap opera and

one film every evening. In Beijing,

cable television has 1.7 million

viewers, although there is a 3,000 yuan (about \$340) registration fee and then a further 7 yuan monthly

in Guangzhou, one of China's most freewheeling cities. MTV will be featured on the cable net-

work. It is perhaps no wonder that political hard-liners regard MTV

with its bourgeois liberal values as

nothing less than enemy propa-

ganda. They would not be the first

to reflect that the devil has all the

with impunity.

A Crackdown on Filmmakers

In Surprise Move, Ministry Issues Blacklist

The outlawed

ponder their

directors are left to

shattered careers.

By Fionnuala Halligan

EUING — In the past, China's central government has dithered over how to deal with ideologically wayward moviemakers. Oscar-nominated directors Zhang Yimou ("Judou," "Raise The Red Lantern") and Chen Kaige ("Farewell My Concubine") have had their movies banned at home because they refused to cut "offensive" scenes. But over time, the sanctions have

This is no longer the case. Last month, the Ministry of Film, Television and Culture cracked down with a vengeance. A directive was sent out to all of China's 16 official studios, film processing labs and even equip-ment rental companies, banning any contact with six

named directors and a filmmaking collective.

While Mr. Zhang and Mr. Chen have narrowly escaped the blacklist, the leading lights of the socalled "Sixth Generation" of Chinese filmmakers have effectively been wiped out in one fell swoop. Tian Zhuangzhuang ("Horse Thief", "The Blue Kite"), Zhuang Yan ("Beijing Bastards"), Zhuang's wife Ning Dai (who has only made one film, a documentary on

the making of "Beijing Bas-tards"), Wang Xiaoshui ("The Days"), He Jianjun, Wu Wenguang and the experimental group Structure. Wave. Youth and Film," learned of their ban in

"It's outrageous," said a shocked Zhang Yuan. "It's like telling me I can't eat or sleep. Film is my life, what can I do if I can't make movies?"

In a move some saw as a protest, Zhang Yimou declined to attend the Cannes film festival this month, where the star of his film "Huozhe" (To Live), Ge You, won the best actor award. And Yin Li, who had hoped to show his "Story of Xinghua" in annes, was denied an exit visa.

The ministry didn't just take aim at directors. It has also thrown the country's entire film industry into turmoil by demanding that every movie - ever Western co-productions — be processed and cen-sored in China before being allowed out. This comes on top of existing rules, which stipulate that all scripts must be approved before shooting starts. Furthermore, all moviemaking joint ventures are now officially banned, and international co-productions have been limited to 25 a year.

These are draconian measures designed to reestablish control over a sprawling film industry. In an official explanation printed in the "Beijing Youth News," the director of the ministry's film department, Yan Xiaoming, pointed to his delegation's embarrassment at the Rotterdam Film Festival in February as the reason for the measures, but in fact

the roots go deeper.

When Zhang Yimou's "Judou," a period romance set in a rural dyeing factory, was nominated for an Oscar in 1989. China attempted to have the film withdrawn. Cultural mandarins believed it depicted Chinese as a race of "bandits and villains." The film stayed in competition, but did not win, and the rules were subsequently bent to have Chinese films entered as Hong Kong productions. However, the trouble had

It came to a head last October at the Tokyo Film Festival when the Chinese delegation withdrew in anger after organizers went ahead with screenings of "The Blue Kite" and "Beijing Bastards." The fracas was repeated in Rotterdam and again at the Hong Kong Film Festival in April. Both films had not been submitted for approval by the Chinese censors and were made outside the legal parameters for filmmaking on the mainland, which stipulate the use of one of the 16 official film studios.

Moreover, the authorities hated Zhang Yuan's depiction of urban youth as drunken, hedonistic and foul-mouthed hooligans in "Beijing Bastards." Mr. Zhang hotly disputed allegations of political bias in the banned directors' films. "There is nothing in our work that anyone should be afraid of. Our films are works of art, they are in no way anti-government," he said. "It makes me very uncomfortable to have our films labeled as in some way political. I want to make it clear that I am not a politician. I am an artist with a

Hong Kong-based Shu Kei, who produced "Beijing Bastards" and "The Days," said: "The authorities have embarked on a self-contradictory policy. They want to be economically open, but politically controlled. They think the two can be separated. They will learn the lessons themselves, the hard way.

Symptomatic of this schizophrenia is the recently announced SMILE deal between United Cinemas International and South Malaysia Industries to invest \$60 million in developing China's theatrical distribution. The group will be opening multiplexes in 10 cities over 18 months and is working with Shanghai Paradise to distribute foreign and domestic

movies in the theaters. "This is ridiculous," said Shu Kei. "What do the authorities think they're going to be showing in these cinemas? "The Sound of Music?"

As the ax falls on the "Sixth Generation" of filmmakers, all eyes turn to the "Fifth Generation" — Zhang Yimou, Chen Kaige and their colleagues, who came to film late in life due to the Cultural Revolution, which dominates their work. Mr. Zhang's "To Live" premiered at Cannes to official rumblings. Controversial in that it deals with the Great Leap Forward and the Cultural Revolution, although never on a political level, "To Live" was made by Taiwan's ERA films (with the budget funneled through a Hong Kong

"We're making films by the rules," said Barbara Robinson, vice president of ERA. "Zhang Yimou is not on the list yet." She refused to comment on the fact that the censorship board had demanded cuts to

In the meantime, the outlawed directors are left to ponder their shattered careers in China. Zhang Yuan and his colleagues are in an impossible situation. He can't make films in China and has no interest in going

"China is my life, there are still a lot things I want to make films about here. I don't have the experience to make films abroad," he said. While he acknowledges he could possibly make underground movies, Mr. Zhang said: "I don't want to start a war. As I stated before, I'm not a politician, and once films start becoming political then I lose all interest."

FIONNUALA HALLIGAN is a journalist based in Hong Kong, specializing in film.

'Ma's Army' Keeps Track World on Toes

By Ian Thomsen

HE competing world of track and field regards the Chinese women no differently than the Floridian who heeds every tropical storm. The international sightings of the Chinese, though rare, have effected in their opponents a sense of doom — a fear that China is forming an army unseen in athletics since the collapse of East European communism.

Chinese women distance runners won six of the nine medals last August at the World Championships in Stuttgart, including victones in the 1,500, 3,000 and 10,000 meters. Yet that haul - as well as the incredible spate of world records set the following month at the Chinese National Games in Beijing — was the work of one team of 18 athletes representing the Liaoning Province, 1,200 miles (1,945 kilometers) northeast of Beijing.

Tours

Their 49-year-old coach, Ma Junten, is known to make his athletes run unheard-of distances. Ma does not coach men. Some of his women may run a minimum of 24 kilometers daily (an enormous 15 miles), while China's greatest champion, 20-year-old Wang Junzia, averages 42 kilometers — 30 in the morning, 12 in the afternoon. That is the equivalent of a marathon each day. The distances are measured by the odometer on the rickety motorcycle driven by Mr. Ma as he shouts orders from behind. In the southern Yunnan Province, one of their three mountain training sites in China, "Ma's Family Army" must concentrate in order to avoid the smoke-belching trucks and the oxen-drawn carts of

the peasants on their way to work. Their outrageous successes call to mind the works of the Canadian sprinter, Ben Johnson, and the former East German athletes whose accomplishments were discredited after they admitted to drug use. Last September in Beijing, the Chinese women obliterated world records in the 1,500, 3,000 and 10,000 meters. For the first time, five women broke the world record in the same race.

More cynicism was created by. their group decision to withdraw from the London Marathon in April, with vague claims of injuries. In March, China sent a "B" level team to the World Cross Country Championships in Buda-

pest, arousing more suspicion.
"We were expecting them to send better athletes here," said a representative from one of the top cross-country teams. "What that tells us is that they're probably on

Illegal drugs, such as steroids, allow athletes to train harder and build up more strength than opponeuts who train without drugs. Properly cycled, an athlete could stop using the drugs in time for all



Wang Junxia, winner at World Championships. traces to be finshed from her sys-

tem. She would pass the drug test in competition while benefiting from the higher level of training. The argument goes that if Mr. Ma's athletes have indeed broken down and fallen behind in their training, they could not afford to stop taking the drugs now. They would need to keep using them to achieve their peak condition for the outdoor Grand Prix season, in which they intend to win prize

money to fund Mr. Ma's training

The drug inspectors of the International Amateur Athletic Fedcration have a permanent visa to China which, according to the IAAF, allows them to make surprise tests of Mr. Ma's athletes. Of 50 tests prior to the World Championships, a high ratio of three were positive — involving a 400-meter hurdler, a discus-thrower and a javelin thrower - but Ma's

Army was clean.
"We have a saying in China that if you have not done anything bad, you have no need to fear anybody knocking on your door," said Wang Junxia, who holds world records in the 3,000 and 10,000 meters and has run the second-fastest 1,500 meters ever. "We are all human beings and were very hurt by

the rumors saying we had been I always maintained the atti-tude, during those days of suspi-cion and assumptions about all-

letes' use of drugs in Eastern Europe, that we must not accuse people of something for which we have no proof," said Dr. Ame Ljungqvist, chairman of the IAAF medical committee and doping commission. "It's the same thing with China. I would rather explain the Chinese appearance on the scene as very expected because, after all, they have a population of over one billion, which is an enormous number of people for recruitment - way beyond the U.S.A.,

Canada and Europe put together." If not with drugs, then how are Mr. Ma's athletes able to not only survive, but profit from, their unprecedented levels of training? His secret, claims Mr. Ma, is not drugs, but nutrition that provides

more oxygen to the blood and en-

ables the body to recover from

The method is unfathomable, At first, Mr. Ma claimed to feed his athletes a potion of worms and caterpillar fungus. Last fall, he told Iain Macleod of the Daily Telegraph that the potion was a joke, but this was followed by reports of Mr. Ma selling the recipe for upwards of \$1 million.

Mr. Ma is said to rise at 4 A.M. to make a special broth for his army. They eat eggs, but only red-dish-brown eggs. Each day he de-capitates two turdes and feeds the blood to his women. Mr. Macleod

LAN THOMSEN is on the staff of watched as Ms. Wang drank her the International Herald Tribune.

from a metal bowl. In the mean-time, Mr. Ma smokes 40 cigarettes a day while ignoring his own throat and stomach troubles.

He recruits his athletes from the Liaoning schools, preferring girls from poor families. They wear their hair short — better for the skin, he says - and they do what he says. Last year there were reports of him banishing an athlete for refusing to cut her hair and give up her boyfriend.

Ms. Wang's only brother died in car accident last July, but Mr. Ma held the news from her for two months, until she had completed the National Games. "I thought it was the right thing," she said of Mr. Ma's decision.

A former Red Army guard, Mr. Ma has been studying coaching methods from all over the world for 25 years. He has analyzed the gait of the deer and emu; he has decided that the old theories of running no longer apply. Athletes should not rest after competition, he says. His athletes prove this, continuing to run in place after victories while their Western opponents lie in various states of collapse near the finish line.

It is difficult to judge whether the meteoric success is a matter of China's harnessing its resources, or simply a factor of Mr. Ma. After China seemed to disappear from international athletics in the 1960s and '70s, its sports system was revived by decentralization. To the outside world, Mr. Ma is the coach of China. Within China, however, he is the coach of Liaoning Province - which is why, he says, his athletes saved their best performances for the Chinese Games, instead of the World Championships.

One would imagine Ma's Army has been upgraded to royalty since last summer. Not so, he says. So great are the provincial rivalries within China, says Mr. Ma, that his team must often do without and that includes properly fitting shoes, resulting in a sore right toe for Ms. Wang last fall. The women must wash their own clothes and dishes. He says they often cannot afford to fly to Beijing, settling for a three-day ride by train instead. And the rising cost of turtles is killing him.

Ma's Army is expected to return for the lucrative Grand Prix meets this summer to fund their training center. In the likes of Wang Junxia and 16-year-old Wang Yuan, he is hoping to create an athlete capable of dominating every event from 800 meters to the marathon. Are his demands too great? Have his athletes begun to break down already? Or was last summer the beginning of a system more dominant than



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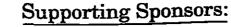




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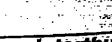












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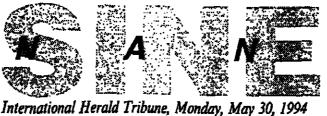


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CAPITAL MARKETS

Stranded Bond Markets: Japanese to the Rescue?

By Carl Gewinz

ARIS — The gloom engulfing bond markets since early this year is deepening into despair. With one exception, world bond markets suffered another stunning setback last week.

The sickening aspect of the relapse is the fear that liquidity—the fountainhead of any market's vitality—is evaporating.

"Investors are on strike" said Andres Drobny at CS First Boston. "Investors are on strike," said Andres Drobny at CS First Boston

in London. "Capital flows are drying up."

Jim O'Neill at Swiss Bank Corp. in London concurred, but said he believed it was "part of an ongoing process that market condi-

tions have changed." He added, "It's not permanent, and it's not The only bond

necessarily dangerous." Mr. Drobny disagreed. In his view there is a race under way to determine whether confidence is loop is Japan. restored and investors return to buying bonds before long-term

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interest rates are driven so high that they choke recovery in Europe and undermine equity markets in Europe and North America. "The only bond market out of the loop is Japan," he said. There is ample liquidity there, he added, and "the key is to get capital flows moving out of Japan."

market out of the

But there is little hope that will happen soon. The United States and Japan revived their long-stalled trade talks last week, with Washington abandoning numerical targets as part of its demand for "objective criteria" to measure Japan's progress in opening its domestic market to imports. The agreement was expected to reassure Japanese investors that Washington would not be looking to settle its trade dispute via a revaluation of the yen.

For the foreign exchange market, the agreement was a nonevent. The dollar ended trading last week at 104.275 yen, barely changed from the previous week's 104.150.

For Richard Koo, Tokyo-based analyst at Nomura Research Institute, "softening of the U.S. stance is not going to relieve the fears of Japanese investors." He added, "They are looking for something solid."

Mr. Koo said he believed that Japanese investors, who have suffered enormous foreign exchange losses on overseas investments due to the appreciation of the yen, "require lots more than the U.S. is demanding" to be convinced that the yen has peaked in value.

Fear about exchange-rate volatility has kept Japanese investors at home even though long-term interest rates are the lowest in the world. The yield on 10-year Japanese government bonds feil one basis point last week to 3.8 percent on an annualized basis.

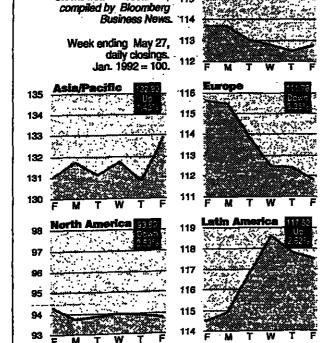
By contrast, 10-year government yields rose 31 basis points in Germany, 35 in the Netherlands, 38 in France, 47 in Denmark and

At 6.81 percent, the yield on German government bonds is 301 basis points above the level în Japan. In the U.S. market, the See BONDS, Page 21

THE TRIB INDEX International Herald Tribune 117 World Index

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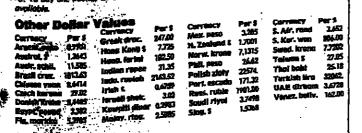
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Opel Seeks Order for Arrest of VW's López

Compiled by Our Staff From Dispatcher FRANKFURT — Adam Opel AG, the German unit of General Motors, in an increasingly bitter dispute over alleged industrial espi-onage, demanded Sunday that Volkswagen's production chief be

A spokesman said Opel would present comprehensive evidence next week to back its accusation that Volkswagen's José Ignacio Ló-pez de Arriortúa had stolen General Motors secrets.

The spokesman said Opel was concerned that Mr. Lopez might abscond. "There is a growing danger of flight," he said.

Prosecutors are investigating GM's charge that Mr. Lopez and three other executives took confidential information with them when they left GM to join Volkswagen 14 months ago. Mr. López has steadfastly denied this. Volkswagen, which has also per-sistently denied the charges, retort-

ed in a statement that an independent inquiry last year had shown clearly that no secret Opel docu-ments had reached VW or were used by VW.

"Representatives of Opel interests are again trying to influence public opinion with insubstantial accusations," a Volkswagen spokesman said. "False reports or one sidel smeather than the control of th one-sided speculation about alleged arrest warrants are unfortu-nately nothing new. That has hap-pened repeatedly in the past and then it was always just a rumor which evaporated into thin air."

A report to be published in the next issue of the German newsmagazine Focus said prosecutors had found Opel secrets on comput-er discs confiscated from the of-fices and residences of several VW executives last year.

The report said prosecutors had managed to retrieve secret Opel data that had been deleted from computer discs confiscated last year from Volkswagen.

The deleted data comprised cost calculations, model plans and con-tracts with suppliers of Opel, the report said.
The Opel spokesman noted that

one of those under suspicion, Jorge Alvárez Aguirre, was transferred this month from VW headquarters in Wolfsburg to a post at VW's Spanish subsidiary, SEAT. The spokesman said Mr. López also could be transferred to Spain.

to extradite Spanish citizens. Both Mr. Lopez and Mr. Alvárez are Spanish. The VW spokesman retorted, "Mr. Lopez is a group man-agement board member. Why should be go to SEAT?"

(Reuters, Bloomberg)

Appeals Made For Executive Of Schneider

BRUSSELS - The chairman of BRUSSELS — the channan of the French electrical giant Schneider SA spent his third day in a Brussels prison Sunday amid a flurry of diplomatic and business pressure from Paris for his release. Belgian media said Prime Minis-ter Edouard Balladur of France telephoned Prime Minister Jean-Luc Dehaene of Belgium over the weekend to discuss the case of Di-dier Pineau-Valencienne, who was arrested Friday in Brussels on charges of fraud and swindling. Mr. Dehaene's spokeswoman, however, refused to confirm whether Mr. Balladur had called the Belgian prime minister.

Forty French business and political leaders, including 13 members of the Schneider board of directors, took out a full-page advertisement Sunday in the French newspaper Le Journal du Dimanche in which they hailed Mr. Pineau-Valencienne for his "moral rigor, ethics

Under Beigian law, Mr. Pineau-Valencienne must remain in prison until a judge decides whether the charges should be confirmed. He is to appear in court Wednesday.

Mr. Pinean-Valencienne went to

Brussels on Thursday for a hearing he had requested with the judicial authorities, who are leading a criminal investigation on the basis of a complaint by minority shareholders.

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Germany's EU Burden Kohl and Rival Agree: Bonn Overpays

By Brandon Mitchener and Tom Buerkle

International Herald Tribune

Determined to discredit one another in a rancorous struggle for control of Europe's most powerful country, Helmut Kohl and Rudolf Scharping have rarely agreed on anything of late.

It was therefore noteworthy last week when both the German chancellor and his main rival ganged up on Europe for being a bothersome burden on the backs of German taxpayers. Coming just one month before Germany as-

sumes the rotating six-month presidency of the European Union, the debate in the lower house of parliament, the Bundestag, underscored the country's growing ambivalence about its traditional role as "paymaster" for the community.

It also demonstrated that Germany's new bud-getary belligerency and election-year politics are likely to fight for priority with grand strategic visions for most of the rest of the year, increasing tensions within the European Union and hampering the government's efforts to expand the union into central and eastern Europe.

"It is right that we, as the strongest country economically, should pay the most because we derive the most benefit." Mr. Kohl told the Bundestag. "But it is also true that the future financing concept in the community must be much more strongly oriented towards income per head in the individual countries. "Our goal is that other member states with

comparable incomes per head must take on more financial responsibility than they have in the past."

Although members of all the German political parties, including Mr. Kohl's conservative Christian Democratic Union, as well as the Deutsche Bundesbank, have fussed about the burden of

London Notebook

Europe before, it was the first time that the chancellor himself had spoken out on the issue.

To be sure, Germany remains as committed to the ideals of Europe as ever, and is expected to use its clout in Brussels to push for a widening of the community to include democracies in Eastern Europe as it did for Austria and Scandinavia.

Mr. Kohl said a continuation of the European

integration process remains Germany's ultimate

Schicksalsfrage, or point of vital interest.

Integration is "the most effective insurance against the rekindling of nationalism, charvinism and racism on our continent" and the key to the establishment of a more perfect European union complete with a common currency, for the start of a new millennium, Mr. Kohl said.

But Mr. Scharping, whose campaign rests on the message "jobs, jobs, jobs," said social security would be the main focus of the European agenda under a government led by the Social Democrats, whom he hopes to lead to victory in this October's parliamentary elections.

If elected, his party would push European initiatives in research, science and education, Mr. Scharping said.

He accused Mr. Kohl of "general cloudiness" and hypocrisy for agreeing to Germany's high contributions to European Union budgets in the past and not making sure enough of it returned to Germany after unification.

"The least you could do is ensure that more of it

flows back via structural funds and aid for the reconstruction of Eastern Germany," he said. Finance Minister Theo Waigel, whose Bavarian Christian Social Union shares power with Mr. Kohl's Christian Democratic Union, said Germany had slipped to being the Union's sixth richest country today per capita, from its second richest before

See GERMANY, Page 21

China and U.S. Gear Up for Big **Business Links**

Compiled by Our Staff From Dispatches Chinese engineers will soon leave for the United States to assist Boeing Co. in the design and manu-

the China Daily reported Sunday. The move came as American companies and Chinese officials acted swiftly to expand trade relations after President Bill Clinton's decision last week to separate trade issues from the two countries' dispute over human rights.

facture of its new 737-700 airliner,

In other developments since Mr. Clinton chose to renew China's most-favored-nation trade status: China plans to increase the number of stocks available to for-eign investors in a bid to revive the weak market for B shares.

 U.S. insurance companies, eager to sell to China's 1.2 billion people, sent a large delegation to the world's most populous nation to try to open doors.

• Reijing also pledged "to open up new horizons for foreign invest-

ment" in its oil industry.

The engineers from Xian Aircraft Manufacturing Co. will further extend China's growing ties with the world's biggest maker of airliners, China Daily said. Xian Aircraft builds vertical fins, stabilizers and doors for 737s.

BELJING - A team of up to 20 part in market feasibility studies

part in market feasibility studies for an airplane with 80 to 100 seats, similar to the 737.

In 1993, China bought one of every seven commercial aircraft built by Boeing, a report said last week. The aircraft giant is now negotiating with Beijing to sell China another 50 planes worth close to \$5 billion, China Daily said.

Boeing's links with China range from production of aircraft parts to

from production of aircraft parts to training pilots and maintenance personnel. The company has forecast that China will become its second-largest market after the United States by 1999 and will need to buy 800 airliners worth \$40 billion

Regarding stocks, an unnamed official with the China Securities Regulatory Commission was quoted by the China Daily as say-ing that companies outside Shang-hai and Shenzhen would be allowed to issue B shares for trading on the two exchanges but did not say when the new regulation would

be implemented. Turnover on B shares has been low this year as investors have turned to other instruments, such as state bonds. The Credit Lyonnais China B Index shows that B shares fell 33 percent from Jan. 1 to May 13, before the beginning of a

two-week rally.
On May 12, the official Xinhua News Agency said 50 companies would be allowed to list B shares this year, more than doubling the

present 49 listings.
But the market needs little encouragement if last week's results are any guide. As investors celebrated news that the United States renewed China's most-favored-na-

See CHINA, Page 21

MTV: Trying to Get Out the Euro-Vote

In the seven years since it set up shop in London, MTV Europe has faced and conquered many challenges. Two months ago the pioneering music-video network surpassed its American parent by garnering an audience now estimated at 140 million viewers across Europe. This month, however, MTV Europe takes on what may be its greatest

challenge. "We stuck our toe in the water on this and we found it pretty cold," said Bill Roedy, president of MTV Europe. Undaunted, he is bravely pressing onward.

Next weekend, Mr. Roedy will turn his network over to a "Vote

European Parliament on June 12. MTV's heady objective? "I'd sum it up by saying we are trying to make voting cool," said Mr. Roedy.

To advance the cause, MTV will offer a series of news and information programs interspersed with liberal dollops of music on a voting-related

theme. "Don't ask me what that means we will be playing specifically," Mr. Roedy said. While the reaction of Europe's youth remains to be seen, the MTV aien was already a big hit in Bruss European Commission president, Jacques Delors, will appear on the network next weekend to lend his steady hand in the effort to elevate the

election to the status of "cool."

To liven things up a bit, MTV also will broadcast interviews with Prime
Minister Gro Harlem Brundtland of Norway; Mikhail S. Gorbachev, the former Soviet leader, and Prime Minister Tansu Ciller of Turkey. "They are unusual choices," said Mr. Roedy. "But we try to go against the

Socialists Defy the Euro-Yawn

In notoriously Euro-bored Britain, the election campaign for the European Parliament has yet to catch fire. But the tiny Socialist Party has come up with a potential spark.

In a press packet sent out late last month, the Socialists went straight for the media's jugular: the omnipresent need for excitement. "This election campaign is going to be one long yawn for most people," their press release said. The Socialists' helpful solution? The one they promise under enormous pressure."
will "add something interesting" to the campaign? Nothing less than:

In case someone was worried, however, the party claims that Socialists are no longer people who "quote Lenin and get excited about nationalized factories."

The Jobs Carousel: At Full Tilt

Propelled by record or near-record profits at many investment banks, the London financial market's job carousel is once again spinning at full tilt.

"There has been an enormous amount of people shifting jobs," said Ian
Webster, editor of "The Analyst Book," an annual directory that lists all the stock analysts working in Britain.

The new edition of the directory, sent to subscribers last week, shows some remarkable changes. Of the 17 firms, for example, that last year listed their teams of analysts who follow the banking industry, 11 of them show up in this year's directory with teams that are either all or partly changed.

"In the last couple of years, people with jobs were just sitting tight," said Mr. Webster. "Now they are feeling more confident again and they

All that is bad news for their employers, who blanch at paying sixfigure bonuses only to have their best analysts, not to mention financiers and traders, cash their checks and sign on with a leading rival.

In an effort to instill loyalty in their troops, such firms as Barings Securities and Smith New Court Securities have begun imposing some form of a work-now/earn-later scheme. Typically, this involves paying bonuses in some form of stock option that can only be exercised in three years' time and only if the employee is still just that.

Glaxo Just Says 'No' to Critics

Glaxo Holdings PLC, the world's second-largest drug maker, is feeling the heat from the near universal concern over rising health care costs. At a luncheon with the foreign press last week, Glaxo's chief executive, Sir Richard Sykes, insisted that his industry was being wrongly singled out for criticism. Medicines, he said, "are only a small part of health care costs but they are an easily identifiable part and thus they have come

Beijing Orders Data Crunchers To Tell Truth

BELITNG — Fearing "disastrous consequences," China's economic planners issued a nationwide order instructing officials not to fabricate statistics

The official China Daily said the crackdown "targets officials inflating their statistics to impress the state and receive promotions." It said the move focused on "those who make their towns appear broke" to receive extra govern-

ment funding.

Officials at the State Statistical Bureau, whose reports form the basis for crucial economic decisions, said the bogus numbers were a threat.
"The deliberate falsehood

of economic statistics by local ernment's decision-making and lead to disastrous consequences." they warned.

Bonn Aide Rebukes DASA For Skipping Big Air Show

BERLIN - The second Berlin international air show opened with

Germany's leading aviation firm, Deutsche Aerospace, getting a public rebuke from a government minister over its absence.

Opening the show at the German capital's Schoenefeld airport, Economics Minister Gunter Rexrodt criticized DASA for staying away. "I am bitter to see that a German firm, which like no other has received massive aid from the German government, has not seen fit to support the efforts of the government and the state of Brandenburg to help make the Berlin air show a success.
This year's show, which runs until June 5. features 390 exhibitors

from 29 countries. Many East European companies are represented. In all, 230 aircraft will be on display. On Sunday, a Russian spy plane that can fly at record altitudes to study the earth's ozone layer made its Western debut. The Geophysica M-55 has flown to heights of more than 21 kilometers (13 miles).

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Avis de convocation

Mesdames et Messieurs les Actionnaires sont convoqués par le présent avis à l'Assemblée Générale Statutaire de notre Société, qui aura lieu le 15 juin 1994 à 15.30 heures au siège social avec l'ordre du jour suivant:

Ordre du Jour

Présentation du rapport de gestion du Conseil d'Administration et du rapport du Réviseur d'Entreprises.

Approbation des comptes arrêtés au 31 mars 1994 et fixa-

tion du dividende. Décharge aux Administrateurs. Nomination de Révision et Conseils Associés, Luxem-

bourg, comme Réviseur d'Entreprises en remplacement de Hoogewerf & Cir S.C., Luxembourg. Les décisions concernant tous les points de l'ordre du journe requiérent aucun quorum. Elles seront prises à la simple majorité des actions présentes ou représentées à l'Assemblee.

Chaque action donne droit à un vote. Tout actionnaire peut se

faire représenter à l'Assemblée. Le Conseil d'Administration



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Compiled by Laurence	ce Desvilette	5				
issuer	Amount (milions)	Mat	Coup %	Price	Price and week	Terms
Floating Rate N	otes					
World Bank	m. 200,000	2001		101.08		Interest will be 184% less 1-year Libor. Coupon may be res
Fixed-Coupons						1996, Noncollable, Fees 14%, (Banga Nazionale del Lavor
T&TA	\$400	1996	61/4	100		
ĐSL Bank	\$300	1999	7	100.79		Reoffered at 99.815. Noncollable. Fees 1 W%. (CS First Bosto
Ford Motor Credit	\$150	1997	674	101.335	99.45	The state of the s
KFW Int'l Finance	\$300	1999	7	100,809	99.55	
Minnesota Mining &	\$200	1997	6%	99.59	99,40	
Monufacturing	· · · · · · · · · · · · · · · · · · ·		0/8	פט,זעו	77.60	Reoffered at 99.873. Noncallable. Fees 1%%. (Morgan Stant Int 1.)
Multiva Mexico Trust	\$125	1997	94	100%		Nancallable. Fees 1% (Samuel Montagu.)
Philippine Long Distance Telephone	\$250	2004	10%	99,485		Semannually. Noncallable. Fees 0.875%. (Bankers Trust Int
DSL Finance	£100	1999	8	99,35		Noncollable. Fees 0.25%. [S.G. Warburg Securities.]
Royal Bank of Scotland	£150	2015	9%	99.97		Noncollable subordinated notes: Fees 0.625%. Denomination £10,000. (UBS.)
- Cariplo	m. 150,000	2004	9%	100.77	99.00	Callable of par in 1996. Fees 2%. (Cariple.)
ING Bank	DF 500	2004	7%	99.95	98.60	Reoffered at 99%, Noncollable, Fees 1%, (ING Bank.)
Eurofimo	sk 800	1999	834	101,345		Reoffered at 99.72. Nancallable. Fees 13/%. (RL) Int'L)
Toyota Finance Australia	Aus 100	1997	7%	101%	99.75	Noncollable, Fees 197%, (Merrill Lynch Int'l.)
Abbey National Treasury Services	Y 30,000	1997	3.35	100.20	_	Nancolable, Fees 0.20%, Denominations 10 million yen. (Menil Lynch Ire'l.)
Bardays Overseas Capital	Y 10,000	1999	3.80	100.475		Nancallable. Fees 0.275%. Denominations 10 million ye (Merall Lynch Int'l.)
De Nationale Investeringsbank	Y 10,000	1997	2.90	100		Interest will be 2.90% until 1995, when issue is collable at po thereafter 314%. Fees not disclosed, [Morgan Stanley Int'l.]
Finnish Export Credit	Y 10,000	1999	41/2	_		Semicantual interest will be 41/1% in first year, Issue divided into transfess. First one, priced at 98, will pay interest after fir year of 94/% less twice the 4-year yen swap rate. Second on proced at 97, will pay 10,20% less twice the 4-year year swap rate. Noncaliable. Fires not disclosed. (Margan Stanley Int)
Landswirtschaftliche Rentenbank	y 20,000	1998	3.30	100	_	Noncolloble. Fees 0.225%. Denominations 10 million ye (Namura Int'l.)
Morgan Stanley Group	Y 10,000	1997	2.60	100		Interest will be 2,60% in first year, thereafter 0.30 over month Libor. Noncallable. Also 5 billion yen of similar note but paying 2,55% in first year. Fees not disclosed. (Margo Stanley Int'l.)
SBAB	Y 10,000	1996	2.81	100.20	_	Noncollable. Fees 0.20%. Denominations 10 million yen. (Me rill Lynch Int'l.)
Suedwest Deutsche Landesbank	Y 10,000	1997	2.70	100	_	Intenst will be 2,70% in first year, 3% in second year and 3,307 thereafter. Callable at par from 1995. Fees not disclosed (Morgan Stonley Int'L)
Treasury Corp. of Victoria	Y 10,400	1996	2.55	100		Noncolloble. Fees 0.125%. (IB) Int'1.)
Uny	Y 10,000	1998	3.70	100		Noncollable. Fees not disclosed. Denominations 10 million yen. (Tokai Bank.)
quity-Linked						
Inited	\$740	2004	114	100		the state of the s

BONDS: Could Japanese Investors Save the Market?

Continued from Page 19 annualized yield on 10-year Treasury paper rose 18 basis points last week to 7.28 percent. .

Microelectronics

3.34

But Mr. Koo argues that no amount of yield pick-up is going to induce a capital outflow from Japan until womies about the exchange rate are convincingly ended.

bends. Three-mouth money in-Germany currently pays 5.03 per-consistent with stable prices. cent and two-year paper yields 5.53 percent, compared to the 6.81 per-cent available on 10-year bonds. The size of the incentive to move including the United States.

reported to be sitting on large lossmaking inventories. ket rates are frozen. The overnight

Normally, central banks could be expected to step in and provide 5.2 percent last week, and most liquidity until the markets recov- analysts expect this key rate to conered their composure. But the U.S. tinue falling by about 20 basis Federal Reserve Board is currently points a month. in a tightening mode and may be driven to a more aggressive stance need to do something dramatic to In theory, European markets following last week's surprisingly restore confidence in the bond marshould not need the buying power strong revision of first-quarter ket and injected liquidity by a maspent up in Japan because domestic growth if this Friday's report on sive cut in rates, Mr. Drobny conditions favor the nurchase of May employment indicates that ess is expanding faster than is

boxed itself into a difficult position by retaining as its benchmark the M3 measure of money supply, money from short-term instru- which continues to expand at a rate ments to long-term bonds is about far exceeding the upper target set the same in all the major markets, by the central bank. The April overshoot, announced last week, But the sizable losses suffered so unsettled markets, as did the statefar this year have discouraged do-ment from the Bundesbank presimestic investors from taking on dent, Hans Tietmeyer, that official new exposure and underwriters are rates were now on hold.

rate was cut three basis points to Even if the Bundesbank felt the

This does not mean money mar-

Noncollable. Convertible at T\$94 per share and at T\$26.82 per dollar. Fees 25/%. (Barclays de Zoete Wedd.)

even damage sentiment even more" because, with an economic recovery In Europe, the Bundesbank has clearly already underway, it could only add to existing fears that faster growth must mean higher inflation.

Unleashing the potential capital flows from Japan appears to be the safest and most desirable way to trigger a revival in bond markets. The mestion is when, and whether it will be soon enough to prevent European rates from rising to levels that abort the recovery.

sion and austerity at home.

Erwin Grandinger, an indepen

lin, said Germany would probably

try to use its presidency to dramati-

Union's budget and campaign for

expansion northward and eastward

but otherwise hold back from ma-

Expansion of the Union remain a fundamental goal, since it would provide a security buffer between

Germany and the republics of the

By reduce its contribution to the

GERMANY: Leaders Agree EU Burden Is Too High

Continued from Page 19 the two Germanys unified in 1990,

and promised to "improve the flows back" in the future. Germany is the largest net contributor to the Union, providing about 28 percent of its funds, but

has also profited more than another country in Europe from the continent's increasing integration. A recent study by the German Federation of Chambers of Commerce found that Germany was the main beneficiary of free trade with-

German enthusiasm for Europe, anti-Union activists on the right while still strong, has suffered dra-

matically from an embarrassing deother governments are loath to send more money to Brussels amid feat over imported bananas and the signing of the Maastricht Treaty on European union, which effectively writes the Deutsche mark out of dent political analyst based in Ber-

Germans are particularly resentful of Britain's success in recovering from the Union 66 percent of the excess of its contributions over

existence

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John Major is under attack from

Britain considers its hard-won budget rebate sacrosanct, especially at a time when Prime Minister

former Soviet Union and boost others would require either a dou-bling of Union spending on farm support and regional development, or a drastic reduction of those pro-TO OUR READERS

jor initiatives.

Neither alternative is politically acceptable to Germany or to other Union members, so Bonn will focus its efforts on reaching out to East-ern Europe politically, one senior German official said.

Mr. Grandinger said both the Germans and the French, who succeed Germany in the Union's presidency next year, "know they have to he low with ambitious programs until the dust of Maastricht settles."

Mr. Kohl and French Prime Minister Edouard Balladur, in a joint letter published Friday in Germany and France, said they would coordinate their policies toward Europe closely.

But some of Germany's inten tions, including tackling the Union's notorious bureaucracy and its maze of regulations, are a naturai product of French-style central ized government

Wilfried Martens, a former Belgian prime minister who heads the Christian-Democratic bloe in Europe, said Mr. Kohl's renewed commitment to a single European currency was significant, given the skepticism of the Bundesbank and many citizens about abandoning the Deutsche mark.

Mr. Martens said it was "deci-

sive" for hopes of further European

integration that Mr. Kohi win re-

election in October because his

mostly likely CDU successor.

Wolfgang Schaüble, is much more skeptical about integration.

Of Skilled Workers Develops

WASHINGTON — Even as the U.S. government wrestles with growing lines of low-skilled unemployed, shortages of skilled work-ers are beginning to make their first appearance in the current economic

expansion, analysts and officials say. Whether this will lead to an upswing in inflationary pressures as workers with the skills in demand seek a larger slice of the economic pie is uncertain. Wall Street is watching and waiting.

To be sure, the pressures seem very mild and in some cases anecdotal, but corporations are beginning to complain that they are hav-ing trouble finding enough skilled

At the same time, the United States is in the midst of what Labor Secretary B. Robert Reich calls a serious problem of long-term unemployment.

"Even in this increasingly solid jobs expansion, almost 1.8 million Americans have been jobless for more than 26 weeks," he told the Senate Finance Committee last week. He added, "In fact, the share of long-term unemployed as a percent of total joblessness has been rising over the last 25 years."

Unemployment has been drifting lower, reaching 6.4 percent in April, and is expected to do at least hat well in May.

Mr. Reich, in a television interview, declined to forecast what the rate would be. But he made clear he believed that the overall job situation had improved substantially despite the vexing problem of longterm unemployment.

The key, according to Mr. Reich, is not only keeping the economy strong, but in upgrading and ining a system for retraining workers for new skills under the administration's proposed Re-Employment Act of 1994.

"While cyclical and seasonal unemployment still exists," Mr. Reich told the Senate Finance Committee, "the problem of structural unemployment has grown in importance as technological progress, corporate restructuring, the integration of the world economy and defense downsizing have accelerated the pace of fundamental economic change."

Mr. Reich takes the view that full employment, defined as the unemployment rate at which inflationary stures develop, may be lower than it has been in the past.

He notes that in 1989, inflation stirred when unemployment dropped to 5.7 percent. But that figure may be competition from overseas.

A Shortage GDP Data Keep Damper on Bond Prices

Compiled by Our Staff From Dispatches

NEW YORK - Treasury prices retraced some of Friday's losses sparked by an unexpected upward revision in first-quarter U.S. output as traders covered short positions before the Memorial Day weekend.

Prices dropped sharply when the government said it was revising firstquarter gross domestic product to show a 3 percent gain, after earlier reporting a 2.6 percent rise. The consensus forecast was for a small downward revision.

Prices recovered some in the afternoon as participants with short positions, frustrated that the market had not posted additional losses, covered those positions. But Treasury prices ended lower across the board for the day.

For the week, yields were higher, the 30-year Treasury bond finishing at 7.39 percent, compared with 7.30 percent a week earlier. Five-year

U.S. CREDIT MARKETS

Treasury notes ended at 6.72 percent, after 6.57 percent, and two-year notes stood at 5.95 percent, after 5.75 percent.

The Treasury market closed in midafternoon Friday for the Memorial Day weekend and will remain closed Monday. Traders said the illiquid conditions as activity died down meant relatively small flows were able to have a disproportionate impact on prices.

A note trader said the short-covering had been triggered when dealers

saw some retail demand for two-year and five-year notes. Traders said neither the upward moves of some commodity prices nor Senate testimony on monetary policy by the Federal Reserve chairman,

Alan Greenspan, had any impact on prices.

The stronger increase in first-quarter GDP and components of the report that indicated the economy would continue to grow at a decent rate in the second quarter both contradicted recent bond market speculation that U.S. growth had begun to slow.

The bond market also disliked the upward revision to the first-quarter

fixed-weight deflator, which now stands at 3.1 percent — the highest reading on that component in a year. But some traders argued that the market's response to the GDP data

was overdone, in part because both the bond market and the Fed are essentially forward-looking.

positions from the two-year and five-year note sales earlier in the week,

"What's important to the market is what's going on currently, not some upward revision to the first quarter," a bond salesman said. Traders said the force of the initial self-off reflected dealers' long a significant rise in consumer prices sometime this year.

positions that they moved to liquidate as soon as they saw the GDP figure. There were reports that \$1 billion or more of the new five-year notes were sold just after the report was released.

Traders said there were a few small pluses operating in the market's favor going into this week. Some were impressed that even as prices plummeted Friday, long-term securities held above the lows for the week. They also said that the successful completion of the two-year and fiveyear sales was a relief for the market, as was the fact that the five-year notes were still trading at a profit at week's end, with the two-year notes

yielding slightly above their auction average. But traders said the upside would be limited ahead of the May

employment report, due Friday. The median forecast calls for a 270,000 gain in nonfarm payrolls, but that includes 70,000 truckers returning to work after the previous month's strike. In April, 267,000 jobs were added to nonfarm payrolls, and that

total was depressed by the 70,000 strikers.

On Monday, the Knight-Ridder Commodity Research Bureau index of 21 commodities, which had reached its highest levels since October 1990, shot up another 4.67 points to 238.36. That sent the Dow Jones industrial average tumbling. The CRB index backed off later in the week, closing Friday at 230.88 and easing the market's fears.

Some analysts look at the rise in the CRB index and a similar rise in the

Journal of Commerce commodity index and argue that it is only a matter of time before the rise in commodity prices will force manufacturing costs

Particularly worrisome is a steep rise in oil prices, since they tend to ave a strong ripple effect across the rest of the economy.

But Dennis Jarrett, chief market analyst at Kidder, Peabody & Co., points out that oil prices are still well below the \$19-a-barrel level of a year ago.

"Sure we're up from the lows," he said, "but certainly on a relative basis, oil is still very low." At the same time, however, there is some evidence that inflation is

hitting more than just commodity prices.

A leading inflation index by the Center for International Business Cycle Research at Columbia University has risen more than 6 percent since November. The index includes not only commodity prices but employment levels, import prices and surveys of business managers as to

whether they believe they can raise prices.

Geoffrey Moore, the center's director, believes the index is forecasting

(Knight-Ridder, AP)

The Week Ahead: World Economic Calendar, May 30 - June 3

A schedule of this week's economic and financial events, compiled for the Interna-tional Herald Tribune by Bloomberg Busipress conference on its plans for expension in Asia. • Jone 3

Asia-Pacific

• May 30 Camberra Balance of payments for April. Forecast: Curre count deficit unchanged at 1.58 billion

Jakarta Putra Sejahtera Pioneerindo which operates a chain of fast-food reslaurants, to be listed on the Jakarta Stock Exchange. The company offered 9 million shares at 5,100 rupish on May 25. Yokyo Japan Automobile Manufactur-ers Association announces sigures on

April auto exports. Tokyo Ministry of International Trade and Industry releases April industrial pro-

May 31 Jakarta Real estate developer Jeya Real Property lists and trades on the Jakarta Stock Exchange.

Tokyo Management and Coordination Agency announces April unemployment rate. Labor Ministry announces the job-

data for March quarter. Forecast: Quarterly rise of 1 percent in GDP, for annual growth rate of 4.3 percent.

Sydney Reserve Bank of Australia to re-

Toligo 18th Philippine-Japan Sconomic Tokyo Bank of Japan to rate

tron on Trade and Econo

sues between Japan and Russia.

Wellington New Zeelan Index for March quarter. Expected this week Madrid Span-ish March PPI. Forecast: Up 4.0 percent in

dex. Forecast: Up 3.8 percent in year, after a 4.0 percent annual rise in Febru Frankfurt German April import prices

Forecast: Up 0.3 percent in month, up 0.3 percent in year. Rome Italian May CPL Forecast: Up 4.1 percent in year. Franklust German April industrial pro-duction. Forecast: Up 0.4 percent in

 May 30 Brussels Belgian May CPI, Forecast: Up 0.2 percent in month, up 2.4 percent in year. igen Denish 1st quarter GDP. Markets closed for bank holi-

ast 1.9 billion kronor deficit.

 May 31 Copenhagen January and February current-account.

Helsteld Finnish April unemployment rate. Forecast: 19.7 percent. London May MD. Forecast: Up 0.3 per-Paris April unem cast 12.2 percent.

Americas

• May 30 United States Financia markets closed for Memorial Day. May 31 New York Conference

Ottame March GDP report.

ashington Commerce Department re

ment to publish time version of income tax reform, Likely to include deductions for capital gains. Rep Jose, California Internet World '94 shington. Oil American Petr

attitute issues weekly report on U.S. petro-leum stocks, production, imports and re-

tion spending. Washington Commerce Department re-leases first-quarter belance of payments report on merchandise trade. Tempe, Artzone National Association of

look: Up from 0.2 percent.

receive annual H. Gates of Metropolic Corp. on "Art Museums on the Informa-tion Highway" and other technology top Inc Through June 4.

Seattle Association of Art Museum Di

al meeting includes an ad-ism H. Gates of Microsoft

New York New York/New Jersey Mine ty Purchasing Council Inc. holds two-day 1984 Merketing & Business Expo '94. Estaings expected Duty Free Interne-Estalings expected Duty Free Interna-tional Inc., Kellwood Co., Pall Corp., Sharper Image Corp.

- Jume 2 Washington Food & Drug Administration holds public hearing to

Labor Department reports Earnings expected Copley Pharmaceutical Inc., Edison Brothers Stores Inc. Royal Bank of Canada. June 2 Washington May employ-ment report.

Washington April housing completions.

cars and light trucks for May

THINA: Business Links With U.S. Set for a Big Leap

tion trading status, shares in nghai rose 5 percent Friday, for a 12.5 percent gain for the week. China Daily said the delegation that visited China last week represented the 12 largest insurers in the United States.

"Many American firms are planning to open representative offices and are seeking licenses to open branches to provide full-scale service," the newspaper said. "Meanwhile, some are looking for Chinese partners to set up joint ventures."

China has just begun to open its insurance market to foreigners. While U.S. insurance companies have set up 11 representative offices, only American International Group is allowed to do business in China. A total of 50 foreign insurance companies have representarive offices in China.

The newspaper quoted the U.S. executives as being eager for a fast-er opening of the Chinese market. per year, has attracted \$15 billion

"We understand the step-by-step process China is taking," Gordon Cloney, president of the International Insurance Council, wasquoted as saying. "But we hope the steps could come a little bit closer together without actually running.

Wang Tao, president of China National Petroleum Corp., told China Daily Business Weekly that China was eager for both on- and offshore cooperation with foreign companies and promised the ventures would take new, more flexible forms. He did not give details of how the new policies would differ

from present practice, however. Several large cooperation proworld oil industry conference that was beginning Sunday in Norway.

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China, which produces an esti-

years. Aheady, about 20 percent of China's oil fields have been opened up to forcign firms. Meanwhile, officials from the

southern city of Guangzhou will seek foreign investment to help revive 50 unprofitable state bus es, China Daily said. More than 150 officials will travel to the United States next month in a bid to attract investment in companies owned by the municipal govern-ment and in high-technology and infrastructure projects.

In the first quarter of this year, almost half of China's state-owned businesses lost money, according to jects are awaiting government approval to start, Mr. Wang said.

Other deals could be sought at the state enterprises in Guangzhou were in the red. Officials say stateowned companies are suffering due to increased competition from the fast-developing private sector.

(Bloomberg, Reuters, AFP)

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IntiGrn 11.1e — 21 GriSec 9.72 — 9.7 HYMA		1449 - 62 Hirida 1434 - 02 Maintra 9.76 - 03 SmCpGrn 1439 - 65 to Scrap 973 - 27 Mileta 1023 - 02 TyEspan 1	0.0502 Eqirsin 11.4011 Mahinap 8.65 +.07 km/D 16. 9.8804 in:PiCp 9.8905 Matxii 9.06 +.07 Latxa 8.	68 + 12 Senden 26.12 + 10 Individual 1.65 + 10 66 - 12 Strong Pands Individual 1.65 + 10 77 - 12 Advign 10.02 - 10 Individual 1.65 + 10 13 + 10 Antilian 26 Individual 1.65 + 11 13 + 10 Assertica Individual 1.65 + 11 14 + 12 Assertica Individual 1.65 + 11 15 + 10 Individual 1.65 + 11 16 + 10 Individual 1.65 + 11 17 + 10 Individual 1.65 + 11 18 + 10 Individual 1.65 + I
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Bolon p. 13.5307 EAN E / 21 e517 Sm3th a. 17.4314 AA Intin 12.9605 : Bolon B : 14.2107 Intiles 19.4609 Smith a. 1901 AA Technical 6.9901 AA Technical 6.9901 AA Technical 6.9902 Technical 6.9903 Intiles 6.0002 Caskrin 10.4603 USCF (in 14.9904 Technical 6.0103 Intiles 6.0103 USCF (in 14.9904 Technical 6.0103 Intiles 6.03 Intile	: Light Explicit - 60; USC (10: 12: 40) Value of 11: 19 SmartCont Light Explicit - 60; Usleed of 170 - 67 Galesty Funds: SelEasty Light Explicit - 67 Galesty Funds: SelEasty National Control of 18: 10: 10: 10: 10: 10: 10: 10: 10: 10: 10	1004 - 06 Ch.Sec.n 1122 - 112 ST GLED 9.33 - 33 IncorneTr 1097 - 06 CLer 1233 - Techn 5.21 - 02 IncorneTr Noncio GWALT 131 - 01 TYMA 10.47 - 32 TEINA 1091 - 06 GWALT 1401 - 01 TYMA - 3.4 - 35 TEINCT	7.53 — 07 TBBIN 45.31 + 34 NYODAD 1.64 + .01 NUTVA 7. 7.54 — 27 VBOND 154.3 — 08 OTCEP 10.59 + .06 NYTVA 7. 7.61 — 127 PerilCGN 12.03 + .12 ONTXB P 881 + .01 NCTXA 7. 7.61 + .02 PerilCGN 488 + .09 PATE 9.05 + .01 ONIOTXA 8.	55 + 0.1 Incon 9.52 - 0.4 Incom 12.22 + 1.55 - 97 + 0.9 Pradva n 10.65 + 1.9 AusStin 15.45 - 0.1 1.55 + 1.0 Ind n 14.71 - 0.2 Calesti n 10.84 + 0.1 1.55 +
CoBCC 0 12.92 — 09 BJBG145 11.33 — 15 1956.45 6.42 — 92 NwLdr 31.40 - 13.1 Counts 17.64 - 421 BJB16046 11.57 — 03 Units 0 1.64 - 12. HYPT no 11.2503 GIDGv/B b 2.0511 BNY Hamilton: Cal TEB: 167 - 03 HYTE no 11.50703 GIDS46 11.31 — 03 Estata: 10.95 - 95 CT TEB: 13.1 - 01 HYTE p 17.7205 Gov/Ap 19.4 — 05 Hypty 1 2.55 — 05 Febb. 10.72 - 05 Posting 11.577 - 10	Strendon 1966 = 01	1034 - 94 - 35 Indian (250 - 95 - 47 - 27 - 27 - 27 - 27 - 27 - 27 - 27	7.12 01 Bolon=d 15.41 02 TFInA p 14.64 +.01 PATXA 7.	58 + 92 MuriBdn 9.64 + 93 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 - 1 -
GoviBp 191-05 11:150 150 15 FL T-6: 155 03 Periodicile 30 - 10 GoviCp 791-65 Bebson Groups Flores 200 - 01 Shiros n 10,93 - 03 Groince 2.33 - 01 Bord 5 1.55 - 01 Gleab 12.30 - 09 ST Inc pn 1195 - 04 GwinC 20,62 - 21 Bord 5 1.55 - 04 GwinB 13,63 15 Shiro 13,01 - 01		2007 - 10 Sept. 200 - 25 CattAnB : 1130 - 20 Ft. Val ne 78 - 28 TE 5cm 1921 - 21 CAMPE 9:49 - 31 ms/Aun 1 9:16 - 20 Wildem 1289 - 32 Capp 8:1 T.83 - 13 MA Val 1924 - 35 Liberty Family: CapHB 7:84 - 23 MA Ins. 1	7.77 - 03 EdiyOpp 7.38 - 04: USGVAP 12.6105; USGVAP 2.132 - 02: Growth 20.90 +.12! UtilAp 9.14 +-15; HSYBAP 2.12 + 02: HSYBAP 2.14 + 05; HSYBAP 2.14 + 05; Sestimat Group: 044 - 02: InGCAP 9.22 + 01; VoyAp 7.17 + 05; Sestimat Group: 044 - 02: InGCAP 9.22 + 01; VoyAp 11.38 + 12; Backmood p.14	77 — 113. Santamerica Feta: 13 + 101
GwithFip 2430 - 24 Enter27 it 24 - 14 A-14481 6 77 ThdCnfrn 781 - 02 GwithFip 2430 - 25 Enter27 it 24 - 15 Historia 5 - 27 UST Int 1278 - 25 GrincBip 222 01 GwithFill 1278 - 25 IntorneBib 200 - 02 UST Int 1430 - 12 GrinzBib 1350 - 02 UST Int 1430 - 12 GrinzBib 1350 - 02 UST Int 1430 - 12 IntorneBib 200 - 02 UST Int 13 - 205 IntorneBib 200 - 02 UST Int 13 - 205 IntorneBib 200 - 02 UST Int 13 - 205 IntorneBib 200 - 02 UST Int 13 - 205 Inter28 200 - 20 Inter288 200 -	AMgrigon (2.70 ± 90	14.22 - 25 Amillor 14.55 — Cin.Gott 11.05 — Ci. MAVol. 1 425 — 25 Contofra 11.55 — Carter 11.17 — A MIVol. 1 17.17 — 15 Ent.14 (x) 17.11 — Ci. Droge 14.24 — 35 Moritide 17.57 — 35 Ent.25 (x) 17.11 — Ci. Droge 14.24 — 61 MOVol. 1 17.57 — 35 Ent.25 (x) 17.11 — Ci. Europe 14.24 — 61 MOVol. 1	1.1104 Indi 12.6620 Asio BI 14.09 + .06 Com Sik p.29 i .0401 - AusFIA p.12.4307 AABO IB 7 8.2902 Em Gr p. 5.2 1.0004 : AusFIR p.12.0107 AABO IB 7 8.7104 GySector 9.4	12 + 18 EmgrB 14.10 - 88 SPUB 10.48 + 47 - 17 - 17 - 15 Fedsch p 10.86 - 05 USGron 15.00 + 25 - 17 - 18 Infect 15.05 + 25 - 14
INSAMB 96.1 CT TOTETH 956 17. NEPROBUTE OF CONGRETH 140 - 117 INSAMB 96.1 CT TOTETH 956 17. NEPROBUTE OF CONGRETH 34 - 10 INSAMB 96.2 CT TOTETH 96.2 CT TOTE	24 insh 2.96 02 10 TE p 242 02 Gette n 12 19 10 There is 2 CATEN 11 10 03 5 TES 10 25 10 2	23.10 - 11 HitsBect 1030 - 23 FLMB** 9As - 22 MY VS 17 25.61 10 Statect 1837 - 21 FdF78; 25.21 - 37 GH Vd 17 25.57 - 27 Station 1035 - 22 FdG8** 2.51 - 31 PA Vd 17 1124 - 25 Mrsc 1121 - 01 GMB1 1327 - 26 VA Vd 17	1.22 - 0.3 TEBd 10.94 + 0.3 BIGVB† 4.70 - 0.1 PATF IX 12.1 1.17 - 0.3 Torret p 15.23 - 0.6 CATXB† 8.23 + 0.2 TF Inc. px 13.1 9.92 - 0.3 USGVB 9.20 - 0.5 ConvB† 18.85 + 0.6 World p 12.1 1.00 - 0.3 Wiccop 10.40 - 0.9 DyrinB† 11.97 - 0.0 SentryFd in 14.5	TE imsA p12.00 + .02 Wndsrn 14.21 + .06
MrigBip 344 — 63 976 76 76 76 76 76 76 76 76 76 76 76 76 7	Copingo nr 9.5 → 0 0.075p 0.1 * 0.2 Glemmede Funds: 20th Hancoc Congrés nia 2.9 1.3 6.1 TEA prilos 0.1 Equit, nr 1.11 0.5 CA TEA 1.5 CA TEA 1.5 0.5	111 3: 05 05305ec2 15 - 07 GICCB1 1059 - 25 CorAmpAn 161 3: 011Fc 10 - 13 GIRSS 1255 - 25 EmGritian 151 3: 01 UNIFIC 11.01 - 07 GIUS 1224 - 6 GOSSECAN	9.57 Bond n 9.89 — 0.5 ; Geoß i 13.34 + JM ; Seven Seas Seri 8.91 — .09 i TEBond n 11.41 + 0.3 ; GlovB i 13.64 — 26 ; Modron 11.4 9.29 — 0.5 ; EmgMEa ht.0002 FLTxB 8.85 + .0 \$6.P Mid n 11.4	16 —14 Voine 8 15.24 + 18 IncP 4.99 TARGET: Muni nt 9.20 + 102 14 + 27 Interest in 9.66 —104 NYVen 12.07 —8 10 + 26 IntErest 13.63 —37 RPF B1 435 + 25 18 + 26 Luccorge ng-9.68 + 31 RPF G81 446 + 23
Million 1.35 Board Funds: Galumbia Funds: F1 MinA 1352 - 03 MMS A o 831 = 03 Admin 1	Destinyii 29.13 (15) WTE 45 (13) (02) SmcGc 6 (13) (13) LT3 A 5 (15) Extent 16.37 (10) MOTEA 5 (15) (02) Otherwise (15) (15) LT3 A 5 (15) Extent 16.37 (16) MOTEA 5 (15) LT3 A 5 (15) Extent 17.08 (16) Extent 17.	557 - 97 565.55 1059 63 Hearin 5	189 - 30 Capapa p. 21.42 - 1.21 Garlin	66 — 02 LaCooV 18.06 + 12-1 RPFGI 17.55 - 04 MigBiot in 9.78 — 03 RPFCV 16.78 + 06 SmCopG 71.69 + .08 Spctory Poods: 7, 8 — 04 SmCopV 12.15 — 05 ApprGr 9.42 — 0)
MuCA B 10 01 02 87: 5cm 61: -02 GnmgB 1412 -04 MuCA C p1901 03 F3224114 5 cm 7529 03 MA MunA1753 04 MuFLC p 10 02 Int Estatation 3 finition 1314 - 13 May MunA1753 04 MuFLC p 10 02 May 1525 04 MucA 1757 04 MunA1753 04 MunA1	EmpRor1590 - 02 MATEO 5.67 04 CopGr 1580 - C 573rdB EmpRor1 1712 - 00 MrTEO 1040 - 33 Gibbro 1393 - 12 Scales 5 Equino 17.60 - 11 CHTEAPILE 33 Gibro 1077 - 16 Scales 5 Equino 1875 - 07 PATEAPILE 33 India 16,05 - 12 Scoos	653 — 60 966 16.72 — 30 MAAABS 16.58 - 84 Offmyn 1 13 0 - 21 Liffys A 9 77 - 31 MAAABS 19.37 - 34 Offmon 1 14.30 - 21 Liffys A 94 - 94 MAABS 19.75 - 62 Offmon 1 8.20 1 1 Lingper Funds Marks 5 - 758 - 01 Offmon This	155 - ARSIII 7.10 Inv61 7.86 + .04 Groinen 10.1 124 - 10 ARSIV 7.22 - 0.0 MATEM 7.06 + 2.0 MATEM 7.22 - 0.0 MATEM 7.06 + 2.0 MATEM 7.33 MATEM 7.06 + 0.0 TEXMED 7.9	57 + 02 Terraleto 9.70 - 04 Corp8d 9.30 - 05 52 + 02 Terraleto Group: Equity 10.4 + 08 0 + 02 Amer Tr r 13.67 + 0.4 Govt8d 9.43 - 104 must: CopAcc 15.44 - 05 Income 7.75 - 04
MuliCab 12.57 - 31 Individual 1- 35 Continu 19-52 - 63 MANANALIAB 1- 344 MINB b 943 - 61 Transition 19-52 - 63 MDMB 112.53 - 204 MDMB 112.53 - 204 MDMB 112.53 - 204 MDMB 112.54 - 204 MDMB 112.54 - 204 MDMB 112.55 - 204 MDMB 112.	Edids 16.95 10 ThTE4p 10.79 02 Auntino 13.67 0.45 SecOpt B ErCopAp 11.33 -1.04 SecOpt B ErCopAp 11.33 -1.05 Utila p 9.93 0.95 SelEp 15.42 0.1 ErtopE 16.47 -54 CATEA o 10.37 0.2 SmoCop 19.35 0.5 Sirtino B ErcopEd 10.95 7.7 Fixer Funds Goldman Sochs Inst: To Es to 13 Fixer Funds 1.05	7.1604 Fungin 22.95 11 Million 10.2002 Intin 12	597 - 22; ARS 6-99 — 01 NwCppB172.84 + 15 Prolincinip 9.6 - 37 - 06 ARS I – A 7.03	2 — 04 DevMild p 13.89 — 407 Inthil 9.94 — 35 99 + 98 Forence p 9.62 — 10 NYTSF 12.82 — 12.82 12.82 — 12.83 12.82 — 12.83 12.8
MULLICO 927 — 61 Bartlett Funct: 077401 1514 — 6 Mc Mod 1228 - 64 Mulli 4 93 - 64 Mc Mod 1228 - 64 Mulli 8 p 237 - 62 Eartlett 151 — 15 Mulli 1530 — 11 Mulli 1228 - 64 Mulli 8 p 237 - 62 Eartlett 152 — 5 Comedas Capidat — 14 Mulli 421 - 63 Mulli 6 p 233 - 63 — 151 — 151 — 15 Eartlett 1228 - 63 Milli 1421 - 63 Mulli 6 p 23 — 63 Eartlett 1228 - 63 Milli 1421 - 63 Mulli 6 p 23 — 63 Eartlett 1228 - 63 Milli 1421 - 63 Mulli 6 p 23 — 63 Eartlett 1228 - 63 Mulli 6 p 23 Eartlett 1228 - 63 Mulli 6 p 23 — 63 Eartlett 1228 - 63 Mulli 6 P 23 — 63 Eartlett 1228 - 63 Mulli 6 p 23 Mulli 6		19.3 - 35 Bendin 1906 - 92 NCMB1 19.16 - 92 AsetAllip 5 5.33 - 94 Grapen 19.29 - 22 OHMB1 19.45 - 93 BlueCEq 12	.84 AUSLII 4:95 — 31 Urill 1 9:10 + 36 Sharwinst February 7:85 - 37 GANAA 12:81 — 32 Visitoli 1 7:11 + 50 Feding Trans. 32 - 30 HYdo 6:17 — 31 Vov9 1 11,17 + 11 GrEat 17:10.0 Gride Trans. 6 Gride Trans. 7 Gride Trans	Trust: RIEst p 13.54 — 02 Visto Foods: 2 — 04 Smotlo p 8.05 — 07 Bold 16.59 1-07 0 0 10.43 — 04 77 + 06 Termodeton 16.12 — 10 Bond p n 10.43 — 04 77 + 06 Termodeton 10sift: CA hrt 9.72 + 62
NIMAGE 954 - 13 BeyFunds Irish NEUFAD 123 - 23 SeyFunds Irish NEUFAD 123 - 24 SeyFunds Irish NEUFAD 1275 - 25 Seyan 97 - 27 Conft. 1232 - 13 PA MuB 13,10 01 - 13 NAGA 915 - 97 Epur, 1921		337 — 11 3mCron 1361 - 37 3TGB+ F12 — 63 GvBdp 1 1584 - 13 Lord Ahl Courset Soviet 1572 - 30 mcEq 1 1705 - 74 555-507 437SmD78: 1244 - 30 income8d 6	.87 — 01 · STMAMI 7.42 — 03 · BostForGr 10.69 — 13 · IntGvTr n 9.5 .47 — 03 · SivitTr p 6.78 — 03 · BostGrwinbl.16 + 19 · LTincTrn 9.5 .53 - 09 · Pillor Fonds · BosNum015.07 + 04 · SimCPET 10.6 .36 — 03 · BolGrA n 10.30 · BosNum015.21 + 04 · Sierra Trust	7 - 03 ForEqS 13.38 - 19 CopGrB t 3f.16 + 11 0 + 99 FESOS 11.02 - 14 Equally p. 112.85 + 97 Gravitis 11.83 - 12 Govern: 11.04 - 86
FIAGORD 9 14 - 02 BeyFunds Invest: 517 New - 19 21 - 02 VA Mod 16 13 - 03 1 MAGOR 9 14 - 02 Strategy 9 20 - 05 Strategy 9 15 - 05 VA Mod 16 13 - 05 1 Profring 19 17 - 15 Europa 17 - 05 Composite Group: Drevius Strategy 1 Profring 11 16 - 76 Europa 17 17 18 Europa 17 17 17 18 18 18 18 18 18 18 18 18 18 18 18 18	' Institut 1131 - 65 Four e 1830 - 25 Présia - 672 - 65 Geldé - 1 I IntBru 101E - 94 Four no 1339 - 95 Smico - 1535 - 15 Geldé - 1 I Interdet n 1942 - 94 Four no 1339 - 95 GriEur n 1921 - 65 FotBos - 1 Interdet n 1942 - 94 Four no 1333 - 15 Gradison McDonald: - 9694 - 2 IntGBn - 129 - 92 Four no 844 - Estivat pro 1314 - 39 Pa\$5 2: 2	1903 — 11. USGS A. 256 — 32. TRAMB: 1047 — 02. IMTE 1. 213 — 63. Lors Abbett. 1937 — 23. Africa 1031 — 07. Avidnabr 244 — 43. LigCoGr. 11	.55 — 07	5 +.14 EginA 12.06 GrinB r 29.8413 1 +.02 GwthA 21.38 +.21 inttEqA 12.00 —.81
ST Map 8 99 - 90 SCEmoCot 9 40 - 30 InF4A p 8 64 - 95 income p 13 43 - 31 57 Milb 1 69 - 94 Benchmark Funds: 10 F4A p 8 64 - 95 income p 13 43 - 31 57 Milb 1 60 - 92 inc, A 20 19 - 93 Tech p 76 56 71 Edonoci n 8 7 - 97 Tech p 79 - 63 inc, B p 19 99 - 33 Wilding p 127 Ecopé n 13 4 - 90 USG A p 13 55 - 95 Dupree Multiple:	Japanin 14,09 15 TF M81 10,73 4,03 Golling pictors = 0" Hancock So LatinAmint 14 TF Cat 10,59 10,00 OH TF pictor = 0" Act A 1 LiaMun 2,38 10" U.S.G.s. 6,00 Oppode 16,06 15 Act A 1 LowPer 11,39 6; Fortress lays: CH MM TE 2,75 10; Bail A 5	overgn: De, A Sin c 925 - 66 AsiAlimi 11,45 - 67 Livoi 16 1211 - 35 Epitico 1965 - 65 Cot Applit 1634 - 67 OH Mou 16 13,45 - 35 Faustico 15,74 - 64 Pies Both 1624 - 65 SHCGGr 18 13,15 - 31 Giego 12,83 - 11 Grin 18,75 - 61 TFBdA 9	#2 - #2! NJMuA n 10.31 InvQin 10.17 - #2? Growtha p 11.27 #34 - #31 STIRVA n 195 - #31 NotTE 10.55 + #32 IntiGRA p 11.27 #30 - #31 Figure P Fund: NY TE 10.79 + #32 NotMula p 10.29 #31 STIGLA p 2.35 Opport 18.99 + #31 STIGLA p 2.3	?] — 13 OporA
AnSouth Funds: Ox-2FA = 10-16 Conestoga Funds: IntGovin 91906 Balance 117103 End-A = 10-2 Endin (4.5) - 05 K-7FE 1.3202 End 10-5703 Foc5r4 = 1.93 -0.0 Incom 10-0605 K-75M in 5.20 End 4.64 - 10 IntBo3 = 12-07 -0.0 End Funds End 4.64 - 10 IntBo3 = 12-07 -0.0 End Funds End 5.20 End	: Magellan 66 76 - 25 GISI rn 5 57 - 207 GriffinGrin III II - 35 Bandis II.			5 - 0.4 Eq. 12.03 AZIns 10.50 + 41
Lighter 10.21 = 34 Shifter 10.00	Mine-Sec ni 6.5 a - 22 : Uhi ri 12.30 - 01 GBC ini 12.25 - 19 USS-1 a . Mine-Sec ni 6.5 a - 22 : Uhi ri 12.30 - 01 GBC ini 12.25 - 19 USS-2 a . Mine-Sec ni 6.5 a - 24 USS-2 a . Mine-Sec ni 6.5 a - 25 USS-2 a . Mine-Sec ni 12.5 a . Mine-Sec	2.77	61 — 01 i Incorne p 9.67 — 0.4 Acf8d 26.14 — 13 VollEq im 12.0. 77 — 18 : Europe p 18.43 — 57 Core 34.74 VollEq im 12.0. 77 — 18 : Europe p 18.43 — 57 Core 34.74 VollEq im 12.0. 78 — 70 : Print/Red p 10.12 + .03 i im8d 25.79 — 07 Vollemi 1 10.3 3 d — 22 i m8G 25.71 — 07 Vollemi 1 10.3 5 TiF i 8.13 + .01 Styffene Pusets;	7 + 03 ShiGvB 9.48 — 02 Minning 10.75 + 03 3 + 04 TrayExB 11.52 + 03 MinnTE 12.03 + 08
BoincF 9.72 - 03 : UST131-A r88 44 - 181CG Cap Alla Fds: Scient V Clossic: Bond n 9.46 - 0.21 Benham Group: Entg/All 8.27 - 06 : China p 8.38 - 0.21 CoreGrEn15.95 - 15 : AdGozin 9.56 - 0.11 latter n 1.72 - 06 : Ell talp 9.56 - 0.21 Growthn 12.63 - 14 : Cottein 10.65 - 0.3 Integral 10.36 - 13 : Gound 9.39 - 0.51 ide5tin 11.88 - 0.7 : Cottein 10.65 - 0.31 integral 10.36 - 16 : Nettlind 9.59 - 0.72	NewAk: n1007 - 00 ME Bnd 1041 - 02 TanEv 2.50 - 0.0 KS March III NewAkill 11.67 - 07 TorSvr 10.38 - 02 US-50-1 2.60 - 04 Moutmann III OTC 22.77 - 112 Founders Group: HT InsEq p 12.11 - 06 Kemper Fund Oh TE n 11.18 - 02 Balmp 8.92 - 08 HTMgFl p 9.93 - 03 AdrSov 6	23	14 — 05 Pionr II p 18.79 + 18 Value 25.71 + 33 Europe 9.71 05 07 Pionr II p 18.79 + 18 Value 25.71 + 33 Europe 9.71 07 07 08 08 08 08 08 08	USGovB1 8.91 —.06 NotTF 9.90 +.02 42 Thorsborg Fds ND TF (4.32 —.01 01 IntMu 12.91 +.02 US GV 9.93 —.07 +-30 LtdTin 11.88 —.04 Waddell R.Reed: -
IntBond n 9.49 — 02 CCTFS n 10 to - 92 1 96 ne n 9 51 - 11 Nati Nump 924 1 1 Nati Nump 924 1 1 Nati Nump 924 1 1 Nati Nump 924	Ovrsea 28.72 – 30 BuseChp npc.51 - 08 HanninColo 9.37 BlueChp 12 PocBos 19.12 - 25 Discrep 18.66 – 38 HanninColo 9.37 BuseChp 12 Puritan 15.82 – 31 Francis 25.37 - 38 BlChGri 10.22 - 13 Divinca a 6 RealEst n 14.2 - 08 Green p. 25.37 - 38 BlChGri 10.22 - 13 Divinca a 6 RealEst n 14.2 - 08 Green p. 13.2 - 38 SmCpGri 9.43 Fl. Tr. 17	200 — 16 Brothryd 9.21 - 01 PschBalC 9.23 - 02 HryldBr 13 0.14 - 04 Fund 17.16 - 14 TaxE-A 7.86 - 02 InsTEA p 16	65 — 05 U.S.Gv. p 9.82 — 05 C.B.B.Bod 11.87	1 +.10 LidGvtp 12.2335 Growth 13.73 +.38 1 +.10 LidWun p 13.33 +.02 LidTerm 9.7234 111 NA let 12.84 +.01 Mun 10.20 +.02
Bondn 9.45 — 03 EurBon 10.57 — 18 SmGrwn 12.00 - 05 CALind 10.0802 CreGrn 15.94 - 16 GNMA n 10.22 — .04 Smvan 16.7903 Chino 11.1906 Grwthn 12.2204 Goldhin 12.27 — .25 ThPhin n 7.91 — .07 FLit of 10.1507 ImfBondn 9.49 — .02 IncGron 14.5508 Copke n 19.5113 Mal.Ind 10.0302 InffBor n 13.0208 Lifection 9.7910 Copke n 19.5113 Mal.Ind 10.0302 Mal.Ind 10.0303 Mal.Ind 10.03 Mal.Ind 10.03 Mal.Ind 10.03 Mal.Ind 10	Shrifted n 9,11 01 Possort n 9,91 15 USGv 9,57 06 Gloinc 6 ST Wildin 9,58 03 Section 7,24 -10 Harbor Funds: SmallCap 10,28 03 Wildwigr p 18,99 18 Bond 10,68 15 Hi'rield 1 SE Asia n 13 44 05 Foundain Square Fds: Cap App n 16,07 19 Income 1	9 71 — 06 OppGr 9.58 - 03 / Midwest: LTGovA p10. 9 17 — 01 MAS Funds: AprUSGv1 9.73 — 01 MrSCA 11.	5201 Grinc 10.2806 SAMI Pid n 9.6002 MoGovtA 12.22 90 +.01 instGv 8.5206 SirSoEq n 15.83 +.06 MuCalA 12.26	Tower Funds
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Doomsday Forecast for Mutual Funds

By Carole Gould

New York Times Service NEW YORK — The stage is set, Donald Christensen argues, for a new "bust" in mutual funds.

Twice before in this century, in 1929 and in the late 1960s, fund investors lost a lot, Mr. Christensen, the New York investment analyst tells us in his soon-to-be-published book, "Surviving the Coming Mutual Fund Crisis."

And now elements of both crises have resurfaced, he says, to haunt the millions who have flocked to funds in recent years in a mania he likens to the Dutch tulip bulb craze and the flighty period leading to the stock market crash in 1929.

The book's apocalyptic vision may be overdrawn. While a spike in inflation would surely hurt the financial markets, the leverage that magnified the 1929 losses is absent. Regulation is stronger now, too. In part, the book's advice is extreme, but over all, Mr. Christensen offers some solid counsel.

What wornes Mr. Christensen is the re-emergence of high-risk investing and secrecy that contributed to the previous fund crises. During the go-go 1960s, for instance, the most successful funds were those using risky investing techniques — buying shares in small, new companies, concentrating their portfolios, owning shares that could not be traded publicly. And when the market plummeted at the end of the decade, some of the highest fliers went with it.

Since 1990, many high-risk policies have crept back. The number of "nondiversified" funds, which can concentrate their portfolios in one industry or country, has risen markedly. More funds have also changed fundamental investment policies, allowing the use of op-tions, leverage or derivative securities. The latter have created losses for adjustable-rate mortgage funds in recent years.

Ken Gregory, who edits the No-Load Fund Analyst in San

Francisco, warns against generalizing about these developments, pointing out that many changes have been made because new imancial instruments are available, and that many of the strategies are used to limit losses, not lift returns.

Still, Mr. Christensen says, investors should steer clear of funds that use the riskier strategies. His concern is echoed by John Rekenthaler, editor of Morningstar Mutual Funds.

"If it's a new and complex strategy that the fund companies are introducing and they say 'trust us,' don't," he said.

Mr. Christensen advises avoiding stock funds with yearly expenses exceeding 1.25 percent, about the group's average. Expenses for funds owning government bonds should not exceed 0.8 percent, he says; corporate bonds, I percent.

And potential investors in unseasoned companies must know there are big risks, Mr. Christensen says.

Managers are moving into smaller stocks, many with short track records, and their belief that they can succeed if they "are smart

enough and work hard," Mr. Rekenthaler added, can lead "to a

dangerous self-confidence."

Mr. Christensen also expresses alarm about the fund industry's endency to withhold or camouflage information and mislead shareholders about their investments. Prospectuses and annual reports often present information in ways that befuddle investors, he says.

Investors should know who manages their money. The Securities and Exchange Commission recently ruled that a fund must disclose the name of its manager in its prospectus, with this exception: funds managed by teams of two people or more. About 15 percent of all funds in the Morningstar data base were team-managed in 1989; that imped to 30 percent by the end of 1993.

How should investors pick a fund? Mr. Christensen, who publish-

The mutual fund industry's aim is sales. The investor's job, analyst Donald Christensen says, is 'to skeptically question and investigate the risk' of what the industry is trying to sell you.

es "The Insider Outlook," a newsletter that tracks the stocks that corporate insiders buy and sell, advises avoiding funds that lead the short-term performance charts as too risky. Instead, he says, investors should look for strong three-to five-year track records.

And he urges shunning funds in the bottom 10 percent of the performance charts. But investors should also make fair compari-

sons. Funds that invest abroad, for instance, look terrible compared with domestic equity funds for the last five years.

Mr. Christensen also says stay away from funds labeled "high-

yield" or "high-income," a euphemism for "high-risk." investors should never buy shares on margin, Mr. Christensen

says, because doing so is very risky.

High-turnover funds should also be avoided, he says. But if investors shunned them all, Mr. Rekenthaler said, they would miss winners like Janus Worldwide, Columbia Special and Fidelity Ma-

In the end, belitting his doomsday view, Mr. Christensen urges investors to stick with individual issues of stocks or bonds. But because funds can benefit some investors by offering diversification and professional management, this is an extreme approach.

The bottom line: Remember that the fund industry's aim is sales. It is an investor's job. Mr. Christensen says, "to skeptically question and investigate the risk" of what the industry is trying to sell you.

WORLD STOCKS IN REVIEW

Amsterdam

Amsterdam shares fell sharply last week and the EOE index dropped to 401.63 points from

412.77 the week before.

The fall of the London market depressed trading in Amsterdam. The trend was confirmed by a slide in share values elsewhere around Europe and in New York.

Among the most active stocks, the oil group Royal Dutch/Shell fell from 201 guilders (\$108.77) to 194.60 and the Philips electronics group fell by 2 guilders to 51.30.

Frankfurt

Frankfurt shares fell, depressed by remarks of the president of the German Bundesbank, Hans Treameyer, implying there would be a pause in the bank's recent run of regular reductions in interest rates.

The DAX 30 share index lost 4.83 percent over the week to 2,140.99.

The weakness of the dollar, undercutting the international competitiveness of German exports, was also a contributor to the market's slide, analysts at Commerchank said.

Hong Kong President Bill Clinton's decision to renew

China's most-favored-nation trading status did little to help the Hong Kong market.

The Hang Seng Index closed at 9,470.13 points, down 161.50, or 1.68 percent, on the previous week, while turnover averaged 4.76 billion Hong Kong dollars (US\$616 million), compared with 6.96 billion dollars the week

Brokers reported a general lack of direction among investors, who had widely discounted Mr. Clinton's announcement that he would renew China's trading privileges and end the linking of trade and human rights.

London

Worries over interest rates caused shares to tumble in London, with the Financial Times-Stock Exchange 100-stock index registering a drop for the week of 160.9 points or 5.1 percent, falling through the 3,000 level to close at 2,966.4.

The index has now dropped 16 percent since its highest-ever level of 3,539,2, reached Feb. 3. Dealers worried that the suggestion that the Bundesbank was unlikely to cut interest rates

for several months would harm a tentative recovery in Germany. They also fear the U.S. Federal Reserve will raise rates again to combat the decline in the dollar.

Among the heavy losers, Thorn EMI plunged 89 pence (\$1.34) to 1,025 despite a hike in profits while the retailer Marks & Spencer fell 35 pence to 392.5 pence, again after announcing a rise in profits.

Cable & Wireless fell 37 pence to 436 after reporting profits of over £1 billion for the first time ever. British Airways, whose profits soared 63 percent, dipped 6.5 pence to 371.

Milan was hit by further profit-taking on its recent gains and jolted by the falls registered elsewhere in Europe. The Mibtel index closed at 11.632 points, down 5.92 percent.

Dealers said the outlook for the market was

poor in the short term with shares likely to fall further this week. Insurance and banking shares were particularly hard hit. Shares in the Fiat automobile group limited their fall to 3.4 percent. Olivetti fell further, ending the week down 6.6 percent. Stet, the telecommunications group, fell 3.1 percent.

Money worries pushed Paris shares to a low for the year and the CAC-40 index dropped by 5 percent, to 2,050.67, depressed by lears of inflation and a slowing of rate reductions. Dealers were worried by the trend in U.S.

and German interest rates in particular. Foreign investors were scarce despite encouraging

news from several major companies.

Share prices dropped 1.03 percent on Tuesday, falling a further 2.29 percent Wednesday and 1.97 percent Friday with only a 0.36 percent rise on Thursday.

A slide in the bond market had also de-

pressed dealing, with further falls expected this week, market analysts said.

Singapore

Renewed fears of U.S. interest rate increases

shed Singapore shares lower. The key market indicator, the Straits Times Industrials index, fell 13.06 points to end at 2,323.95 while the broader-based All-Singapore

SES index slipped 1,52 points to 573,36. Shares rose Monday but fell the following day in reaction to fears in the United States, later allayed, that surging commodity prices would lead to higher inflation.

Almost alone in the world's stock markets, shares rose in Tokyo last week, pushed higher by foreign investment after a series of major companies announced better-than-expected

profits.

The Nikkei Stock Average of 225 selected issues closed at 20,777.16, up 434.99 points or 2.1 percent from a week earlier. The index gained 71.42 points the week before.
The broader-based Tokyo Stock Price Index

of all issues in the major section ended at to an issues in the major section ended at 1,670.76 Friday for a weekly gain of 28,22 points after losing 0.66 point a week earlier.

First section turnover averaged 465.8 million shares a day, against the preceding week's 287.7 million, while the value of shares traded this week increased from 323.2 billion yen (\$3 billion) to 422.6 billion yen.

The market was encouraged by a Japan-U.S. agreement Tuesday to resume stalled framework trade talks, aimed at cutting Japan's trade surplus with the United States.

Zurich

Zurich also was relatively isolated from the chill running through other markets. The Swiss Performance Index dropped by just 8.24 points (0.4 percent) on the previous week, to 1,780.19 Uncertainties over interest rates continued to

weigh on the market. But Wall Street's recovery at the end of the week helped the market. Bank shares were depressed. UBS fell 4 to 1,170 Swiss francs (\$836). SBS fell 6 to 402, and CS Holding dropped 8 to 612.

SHORT COVER

China's 1994 Bond Sale Going Well

BELLING (AFP) — China's crucial 1994 state bond issue has been largely successful, with all two-year bonds sold out ahead of schedule and 67 percent of their three-year equivalents taken up, the Ministry of

A ministry official said he was confident that the remaining 33 percent of three-year bonds would be sold by the end of June as planned.

This year's 87 billion yuan (\$10 billion) state bond issue, launched April 1, is vital because the state treasury will for the first time be unable to offset its budget deficit by borrowing from the central bank.

Did German Doctors Get U.S. Bribes?

BONN (AP) - German beart clinics are suspected of having taken millions of dollars in kickbacks from U.S. manufacturers while permitting the manufacturers to charge exorbitant prices for heart valves,

Chief doctors and administrators at dozens of clinics around Germany have been receiving bribes of up to 1,500 Deutsche marks (\$900) per heart walve in exchange for passing along inflated bills, said Gert Nachtigal, president of the General Health Insurance Union.

Karsten Vilmar, president of the Federal Chamber of Doctors, called Mr. Nachtigal's accusation "slanderous." But the German minister of

bealth, Horst Sechofer, said a criminal investigation was being prepared.

Murdoch Targets More TV Stations

SYDNEY (AFP) - The media magnate Rupert Murdoch is embarking on another buying spree of U.S. television stations, setting his sights on 15 more within a year, according to The Weekend Australian.

Last week, Mr. Murdoch's Fox Broadcasting bought 12 U.S. television affiliates for \$700 million. Mr. Murdoch, chief of News Corp., told the newspaper he would also like to buy Australia's Seven Network if Canberra deregulated laws preventing cross-media ownership in Australia.

U.S. Seeks Changes in BT-MCI Deal

WASHINGTON (WP) — The U.S. Justice Department is trying to negotiate changes to British Telecommunications PLC's plan to buy a \$4.3 billion stake in the Washington-based long-distance company MCI Communications Corp. government and diplomatic sources said.

The move to alter MCI's deal with BT is an apparent reaction to

complaints that Britain unfairly blocks U.S. telecommunications companies from doing certain kinds of business there.

The United States is unhappy with British policies that ban foreign ownership of international calling facilities. AT&T Corp. has been trying to set up its own such network in Britain. Yet the United States concedes

that many barriers to foreign competition in Britain have come down in

the past decade, making it the most open market in Europe. For the Record

Victorm will end the monopoly of the state telecommunications authority and open it up to armed forces participation, the semiofficial weekly Victorm Investment Review said. But it gave no indication that private companies would get a piece of the action.

Hoi Sing Holdings, the Hong Kong construction company, reported a pretax loss of 7.3 million dollars (\$945,000) for the nine months that ended Dec. 31. It cited stiff local compension.

(Bloomberg)

Shougang Concord Grand, the China-controlled real estate and investment company, said net profit climbed 184 percent to 144.0 million Hong Kong dollars in 1993, from 50.8 million dollars in 1992. (Bloomberg)

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Electric Utility Stocks: Competition Takes Toll

NEW YORK - After the jolts they have suffered over the past several months, many investors in electric utility stocks are in shock. This historically conservative sector, where risk of price declines is resumed to be cushioned by generous dividend yields, has taken a

pounding over the last nine months. The Dow Jones average of 15 utility stocks fell more than 30 percent from its peak last August to its recent low. That is triple the damage suffered by Dow Jones average of 30 industrials from its record high early this year to the lows it reached this spring.

The sell-off has taken the utility average to its lowest levels in six years, wiping out almost all the gains it had recorded in the long recovery from the market collapse of 1987. With their traditional standing as "bond substitutes," utility stocks are

trading at prices that last prevailed when an investor could get 10 percent interest on a top-rated corporate bond. Today, yields on blue-chip industrial bonds stand at about 8 percent.

That strongly suggests that the rise of interest rates since last fall is not the only force that has weighed down electric utility stocks. In the general view on Wall Street, the industry is heading into a

difficult period of change, adapting to increased competition. Two recent indications of this are a proposal by California regulators for sweeping changes, including some elements of price competition, in

Florida Power & Light. Many analysts say the self-off in the utility stocks has gone to unwarranted extremes, and have been recommending that investors do some bargain-hunting in the group.

William LeFevre, at Ehrenkrantz King Nussbaum Inc. in New York, said: "To hear some tell it, electric utilities are becoming powerless. Don't believe it. Companies with well-covered dividends should be bought on

any further weakness." Some selling appears to have spilled over into natural gas and water utility stocks, although analysts say those businesses face nowhere near

the same level of uncertainty as electric power. But even if the markets have overreacted and a rebound may be due, many observers say conservative long-term investors have reason to approach electric utilities with a sense of caution.

"We advise an extremely selective approach to investing in the group," said James Dobson, analyst at Donaldson, Lufkin & Jenrette Securities

He suggested that investors look in particular for utilities with relatively low customer rates, dividends that are comparatively low as a percentage of earnings and managements that seem to have good strategies for megotiating the changes confronting the industry.

"While the selling in utility stocks seems to be overdone, further declines are possible in the near term," said the advisory letter Dow

Theory Forecasts, "From an investment standpoint, it is probably too late to exit the utility group. But investors should upgrade out of low-quality issues. The stocks should also be examined within the context of portfolio allocation. Utilities should not make up more than 15 percent to 20 percent of a portfolio."

As for the risk of dividend cuts, analysts at Dow Theory Forecasts advise investors to be especially wary of stocks with higher-than-average yields and companies where recent dividends have exceeded earnings or have been close to that point.

They said that a payout ratio above 90 percent of earnings "reflects a dividend that is potentially on shaky ground." They added, "A utility whose quarterly per-share earnings have not covered the quarterly dividend for several quarters is a good candidate for a cut."

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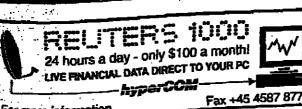
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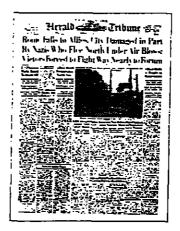
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Herald Tribune (ag)
Invasion Succeeds in Initial Steps.
Allies Push Inland From Beaches.

Loses Small in Channel Crossing

SEVEN DAYS THAT

CHANGED THE WORLD The historic week started with

the fall of Rome and continued with the D-Day assault and the Allied advance into Normandy. To commemorate these

dramatic days, we will reproduce the seven front pages from the New York Herald Tribune which chronicled the first week of the rebirth of liberty on the European continent. Fifty years later, you'll follow

the events day-by-day from the reports of the Herald Tribune's award-winning team of war correspondents.











Don't miss the International Herald Tribune's special commemorative series starting Saturday, June 4th.

Rangers Gain NHL Final in Dramatic Style

By Joe Lapointe New York Times Service

NEW YORK — The New York Rangers are going to the Stanley Cup finals for the first time in 15 years, with a chance to win their first

trophy in 54 years.

They carned the right to do so by winning the seventh and final and best game of a terrific series, defeating the New Jersey Devils, 2-1, in double overtime Friday night on a goal by Stephane Matteau at Madison Square Garden.

The Rangers now play the Vancouver Cannucks in the Stanley Cup finals, a best-of-seven-game series that begins Tuesday night at the Garden. . The Canucks finished barely above 500 in the

regular season, but they have won three rounds in the playoffs, paced by the goal-scoring of Pave. Bure and the goaltending of Kirk McLean.

The goal that beat the Devils came 4 minutes

ils not and carried the puck back to the gloved side of goalie Martin Brodeur, who had gone to his knees in anticipation of a pass out front. "I never saw anything," said Brodeur, a rook-ie, who was probably the most valuable player

in the series. "I went down to cover the lower part of my net. Next thing I know, everyone was cheering. I said, 'Uh-oh, that's it.' It was an excruciating game filled with drama

and tension. Although there was much hard hilting, there were only two penalties in the cutive game, one to each team. The Devils, eight seconds from elimination,

forced sudden death with a goal by Valeri Zelepükin after they had pulled Brodeur for an extra attacker.

Brian Leetch scored the other goal for the

Rangers, in the second period. Two previous games in this series also went into double overtime. The Devils won one at the Garden; the Rangers won one in the Byrne Meadowlands Arena.

In the closing seconds of regulation, the Garden fans were on their feet, making a deafening sound. The visitors won the face-off, kept the puck in the zone and stormed the crease around Mike Richter, who failed to clear the puck on a poke-check attempt.

"The puck, passed by Claude Lemieux, slid across the crease to Zelepukin. His first shot was stopped by Richter's left leg. His second shot got through with 7.7 seconds left, and he began to celebrate as he fell on top of Leetch.

Mark Messier looked toward the ceiling in anguish. Suddenly, the cheering stopped. The ascore was tied. It would take more than three periods to determine the winner of the game

'Probably the way it should've been settled," said Mike Keenan, the Ranger coach. "They wouldn't go away and we wouldn't either."

Pacers Win by Holding Ewing to 1 Point, Knicks to 68

By Clifton Brown New York Times Service

INDIANAPOLIS - It was the worst offensive game of Patrick Ewing's career, a game in which the New York Knicks set a record for fewest points ever scored in a National Basketball Association playoff game.

Holding Ewing to an incredible one point, the Indiana Pacers whipped the Knicks, 88-68, in Game 3 of the Eastern Conference final on Saturday afternoon in Market Square Arena. And in doing so, the Pacers crased the mark of 69 points that they had established against the Atlanta Hawks on May 12 in this year's Eastern

"We didn't handle the pressure at all," said the Knicks' coach, Pat Riley. "It's amazing that

loans made to McNall-affiliated enterprises,

including a movie production firm, a horse

The case is expected to be slowed by a grand

jury investigation into whether McNall has fal-

sified financial statements. In two deposition-

like hearings with creditors, McNall has de-

clined to answer most questions, repeatedly invoking his Fifth Amendment right, protect-

racing operation and a coin business.

ing him against self-incrimination.

we were even in the game in the third quarter. Then we cracked. From a rebounding standpoint, from a loose ball standpoint and an effort standpoint, they played the way we did at

It was the first time in Ewing's nine years in the NBA that he had been held without a field goal for an entire game. He missed all 10 of his shots from the field, and got his only point with 6:39 left, when he made the second of two free

Ewing had to wonder if this was really happening, or if it was a dream. But it was real and, for the Knicks, it was a nightmare. When Ewing left the game with 3:23 left, he walked slowly to

the bench shaking his head in disbelief.

said. "You hope there won't be too many, I was being doubled as soon as I touched the ball. But give them credit. They stepped it up." The Knicks still lead by 2-1 in the four-of-

seven-game series, with Game 4 to be played Monday afternoon in Indiana. But with the Knicks' offense collapsing, the Pacers pulled away in the fourth quarter and remained unbeaten at home during the playoffs

with a 5-0 mark. With Derrick McKey having punctuated the third quarter by dunking in Anthony Bonner's face just before the period ended, Indiana enused the final period with a 62-52 lead and momentum, while the Knicks were in trouble. The crowd, which had already been loud,

trouble, he scored only six points in the first three quarters.

"We pushed their offense way out the way they pushed ours out in New York," Indiana's coach, Larry Brown, said. "I told our guys before the game that this is where the series starts. Now we know we can beat them, and it all depends on how we respond and how they respond.

The Knicks got only three field goals in the third quarter, which their 13 points made their lowest-scoring quarter of the playoffs. The Knicks also burt themselves with poor freethrow shooting, missing 11 of their first 22 from

McKey broke out of a slump with 15 points the line. In a game where points were so prefor the Pacers, while Rik Smits and Reggie disus, watching his players miss that many free throws was even more disgusting to Riley. Seventher story and the blank of the line. eral times, when the Knicks missed at the line, be looked down at the floor in anguish.

Indiana received a scare with 4:25 left in the 11 third quarter, when Byron Scott felt hard to the floor after being fouled by Charles Oakley. As Scott drove to the basket, Oakley stepped into the lane and tried to draw a charging fool.

Scott, in midair, had his leg clipped by Cakley's
leg and he fell hard to the floor on this right hip. Scott remained on the floor for more than a minute, but he got up, walked to the Pacers' bench under his own power, and remained in the game.

The favored Knicks were not.

Jazz Trip Up Rockets, **But Flu Fells Malone**

By Jay Privman New York Times Service

SALT LAKE CITY — A flu bug that hit Utah Jazz Jorward Karl Malone before Game 4 game at the Delta Center did not stop him from scoring a team-high 22 points in a 95-86 victory over Houston.

But Malone was too ill to attend practice Saturday, "and he hasn't missed many in 10 years," according to Utah's coach, Jerry Sloan. "He's not feeling very well." Sloan said.
"He's had a tough time. I don't know if he's getting worse, but he's not here."

Malone was expected to play Sunday after-noon in Game 4 of the Western Conference finals, which Houston led, 2-1. But his health concerned the Jazz, because Malone has been their leader throughout the season and in the plavoffs.

In addition to his scoring, he averaged 12.3. rebounds a game in the first two rounds, and had 16 Friday night, equaling his best mark during this year's playoffs.

Utan controlled most of Friday night's Game 3 as little went right for the Rockets. Hakeem Olajuwon was held without a field goal for the first 16 minutes, 34 seconds of the game, and the Rockets' outside shots, which complement

Olajuwon's inside game, kept missing.

The Jazz beat the Rockets in the transition game, getting fast-break baskets in bunches. And when several calls didn't go their way, the Rockets complained bitterly, incurring four technical fouls.

Despite all that, the Rockets trailed by only 8 points with a little less than two minutes to go. So even though the Jazz finally won, and halved the Rockets' lead in the best-of-seven-game series, the Rockets were still convinced that they are the superior team, a position they wanted to re-establish Sunday.

"We didn't play well at all, and we still had a chance to win," said Olajuwon, who had a game-high 29 points.

Olajuwon, who had both Utah center Felton Spencer and forward David Benoit come over to visit every time he touched the ball in the low post, missed his first eight shots, then made 10 of his last 15. But by the time Olajuwon heated up, the Jazz had built as much as an 18-point lead, the last time at 73-55 in the third quarter.

"The Jazz played smart, they did a good job, and I was tired, too," said Olajuwon, who, despite playing 46 of 48 minutes Friday, said he is weakened by the altitude in places like Salt Lake City and Denver.

Even without oxygen, Olajuwon is good for about 30 points a night. This year's NBA most valuable player has averaged 33.7 points in the three games of this series, after averaging 28.7 points against Phoenix in the Western Conference semifinals and 34 against Portland in the opening round. For the Rockets to succeed, however, they

need an outside shooter to relieve some of the pressure on Olajuwon. Like gnard Kenny Smith, who had 27 points in Game 1. Or Ver-non Maxwell, who had 34 one night in Phoenix. Or Mario Elie. Or Sam Cassell. Those four guards, however, made only 10 of 38 shots Friday night, with Elie drawing a seven-shot

"We know we can beat this ball club," Cassell said. "We've just got to concentrate on making our three-point shots. I'm not whining about our guard play. We'll be back. One person's got to step up. It's not a big concern of

The Rockets made only six of 21 of their 3point attempts, and were only three of 14 in the second half.

"There are going to be days like this," he turned it up a notch. **Creditors Force** Kings' McNall to 24 seconds into the second overtime on a wraparound shot after Matteau cut behind the Devi LOS ANGELES - Bruce McNall's deteriorating financial condition has culminated in an agreement whereby he reluctantly agreed to enter bankruptcy proceedings. The action, taken in U.S. Bankruptcy Court in Los Angeles, caps a yearlong financial slide for the Los Angeles Kings' president, who last May was being hailed as one of most successful and innovative sports entrepreneurs in North America when his club reached the Stanley Cup Friday's development came during a hearing on efforts by four of his creditors — including three banks who claim that McNall owes them nearly \$162 million — to force McNall into bankruptcy proceedings that would have resulted in liquidation of his assets. U.S. Bankruptcy Judge Lisa Hill Fenning instead converted the petition to a Chapter 11 case under the U.S. Bankruptcy Code, meaning an attempt will be made to restructure McNall's finances and pay his creditors. "His spin doctors are going to say he volun-tarily did this to help his creditors," said Los Angeles lawyer Robert A. Meyer, who represents McNall's most aggressive creditor, the French-owned Credit Lyonnais Bank Nederland. "That's nonsense. The reason this happened is we chased him into bankruptcy court." The bank claims it is owed \$121 million in

Patrick Ewing, always surrounded by Pacers, took only 10 shots and missed them all.

| 28-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-52 | 19-5

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SPORTS

Hill Captures Spanish Prix, Schumacher 2d

The Associated Press

BARCELONA - Damon Hill of Britain won the Spanish Grand Prix on Sunday to end Michael Schumacher's four-race winning

Schumacher, driving a Benetton-Ford, finished second, 24.166 seconds behind Hill's Williams-Re-

Mark Blundell in a Tyrreli-Yamaha took thìrd more than a minute behind.

It was Hill's fourth Formula One victory, and first this season, Schumacher, from Germany, had won

the opening four races. "This is better than any of the wins I had last year," Hill said. "It was much harder under the circum-

stances. Hill won three races in a row last year after mid-season.

Schumacher had the pole posi-tion and led for the first 22 laps before going into the pit for tires

and fuel. But gearbox problems forced him to slow up over the next two laps and he lost more than 10 seconds before recovering his full into first place by the 31st lap. Schumacher took over the lead

again but had to pit once more at the end of the 41st lap. Hill regained first position at the end of the 46th lap of the 65 to be run and held it to the finish.

Only two other drivers were on the same lap as Hill at the finish, while just 10 cars of the starting 26 were running at the end of the race, which was held on a humid and sunny day.

Jean Alesi in a Ferrari was fourth followed by Pier-Luigi Martini in a Minardi-Ford. Eddie Irvine, in his first race after a three-race suspension, took sixth in a Jordan-Hart.

Hill's victory puts him into second place for the driver's standings of the season with 17 points. Schumacher is still far ahead with 46

"This was very important to do well," Hill said. "This victory must go to the team Williams who have had a difficult time lately." "And also the fans of Ayrton

in 1:32:27,685. This year's track was altered Senna in Brazil who said to me that slightly when the drivers requested they wanted me to do well." Senna a new small curve, or chicane, bor-

Grand Prix four weeks ago.

Hill did 1 hour, 36 minutes

14.374 seconds for the 65 laps of

course, a total of 308.5 kilometers.

died in a crash at the San Marino dered by tires at the end of a small and return home sometime Monstraightaway.

Off the track, Italian driver Anthe 4.747-kilometer (2.95-mile)

Alain Prost won last year's race Andrea is fine, he slept well and today he's in good form and wants to go home," said Paulo Montermini, the driver's father. He said the drivers, team leaders and the Andrea hoped to leave the hospital

Michael Schumacher holds the lead on Sunday, temporarily, as he and Damon Hill pass through a makeshift turn bordered by tires.

Doctors said Montermini had a drea Montermini was reported in broken toe in his right foot and a good spirits as he recovered from cracked heel in his left. Monterinjuries following a crash on Satur- mini, making his debut for the Simtek-Ford team, crashed at about 200 kilometers an hour while

rounding a curve Saturday. Continued discussions among sport's governing body concerning

the new safety measures, occurred during the weekend.

The cars' new technical regulations, some of which were brought into effect following a number of high-speed accidents the past month, will be reviewed at a special technical meeting this Tuesday in

The next race is the Canadian Grand Prix on June 12.

Fittipaldi Crashes, Unser Wins at Indy

anapolis 500 that even when Emerson Fittipaldi crashed while leading with 16 laps to go, teammate Al

victory.
Unser, the son of four-time win-. ing steadily away from rookie run-third victory and second in a row. ner-up Jacques Villeneuve.

three laps, a crash having brought out the yellow flag.

It was only the third time in 78 to rest on top of Mansell's. Indy 500s that the race has ended

under a caution flag. loophole in the Indianapolis rules, after a brief examination.

gine for just this one event. The payoff, worth an estimated this victory to his triumph in 1992

had a lead of more than 40 seconds the second yellow.

The Associated Press with 20 laps remaining Unser cu!

INDIANAPOLIS — So overthe lead to 34 seconds in the next
helming were Roser Penetral. whelming were Roger Penske's few laps, then Fittipaldi struck the Mercedes engines in Sunday's Indiwall coming out of the fourth turn. "The car was flying. I hat an apron," Fittipaldi said.

Before Fittipaldi's crash, he nev Unser Ir. simply moved in for the er lost the lead except when he made pit stops. His last was on the . Unser, the son of four-time winner Al Unser Sr. inherited a 13.3second lead and turned the race
back into a Penske rumaway, pulling steadily away from rookie nin-

Rookie Hideshi Matsuda hit the Unser driver was able to enjoy wall in turn two on lap 91, bringing the final moments of his second out the fourth yellow light. MoIndy triumph as he cruised along ments later, under yellow, John behind the pace car over the last . Paul Jr. hit the wall in turn three. Then Nigel Mansell and Dennis Vitolo collided, Vitolo's car coming

Mansell leaped out and rolled on nder a caution flag.

the ground, apparently in pain, but
Penske, who took advantage of a walked out of the infield hospital

Mario Andretti, who will retire made a big stakes gamble by put-ting millions of dollars into the at the end of the season, went out development of the Mercedes en- with ignition trouble after a lengthy

pit stop. The first yellow was when rookie \$1.2 million, came Sunday as the Dennis Vitolo made a 360-degree 32-year-old Unser gave Penske his spin but did not make contact with record 10th Indy win and added the walf and kept going. On the spin but did not make contact with the wall and kept going. On the 29th lap, Mike Groff and Dominic Dakes havinged wheels and Dobson bumped wheels and in the closest finish ever. Dobson bumped wheels and Fittipaldi, dominating the race, crashed in turn one, bringing out

SCOREBOARD Major League Standings MATIONAL LEAGUE

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Toronto 010 000 016—2 7 1
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Grotie (9) and Turner: A.Letter, Brow (6),
Williams (8) and Borders, W—Leftwich, 3-4,
L—A.Letter, 3-4,

(7) and Berryhill; Falarda, Honer cutt (8), Carpenter (8) and Radribuez, W—Falarda, 1-0.

—Frotrekth, 8-1, Sv—Carpenter (3),
HRs—Bastan,Berryhill (3), Texas, W,Clark (6),
NATIONAL LEAGUE
Colorado 980 199 801—2 6 8
Mentreal 890 292 99x—4 6 1

Painter, Moare (8), Harker (7) and Grandi;
White, Rojas (7), Wetteland (9) and Websjer.
Spetv (9), W—White, 1-0, L—Painter, 9-2,
Sv—Wetteland (6), HRs—Colorado, Galarrago (17), Kinger, (11).

New York 21 028 62x—18 13 2
Pugh. Schourst (4). Spradin (8) and Dorsett: Smith and Hundley. W—Smith. 3-5.
L—Pugh. 3-3. HRS—Clacinnati, Boone (5).
New York. Rivera (3). Hundley (9).
Chicage 80; 80; 809—28 2
Alfanta 85; 801 80x—7 11 2
Morgan. Otto (3). Buillinger (5). Plesac (7)
and Wilkins: Moddux. Bedroston (6). McMichael (9) and J.Lonez W—Moddux. 8-2.
L—Morgan. 0-6. HR—Altanta. Justice (7).

Servois (4). Philodelphia. Doutton (11). Florida 001 008 208—3 6 0 San Francisco 000 048 202—4 8 8 Weathers, Aquino (7), Mutis (8). Non (6) and Samtoso; Torres, Menendez (7). M.Jackson (8). Beck (9) and Manwaring, W.—Torres, 2-2 L.—Weathers, 5-3. Sv.—Beck (10). HR.—San Francisco. Potterson (1).

51. Lauis 200 500 100—6 6 1 San Diego 094 400 602—8 14 0 Towlsbury, Eversgerd (5); R. Rodriguez (7) and Pognegzi; S.Sanders, Ellion (7), Haff-

mon (9) and Ausmus, W—S. Sonders, 2-1.
L—Towksbury, 8-2. Sv—Hoffman (7).
HRs—St. Louis, Gilkey (4), Pagnazzi (3). San
Diego, P. Clark (4).
Pitsburgh 980 980 984 3—5 70 2

Diego, P. Clark 14).
Pitsburgh 500 000 004 1—5 10 2
Les Angeles 510 251 000 2—6 13 8
Lieber, Hope (6). R.Manzanilla (6). While
(10), Dewey (10). Sallard (10) and Slaught:
R.Martinez, Td. Worret (9). Osuno (10) and
Ca.Hernondez, W.—Osuna, 2-0, 1—White, 1-1
HRs—Pitsburgh, J.Bell 141, Van Sivke (4).
Los Angeles, Karros (6).

Saturday's Line Scores

AMERICAN LEAGUE

Cleverona: Bacryo (77.
California 800 308 810—4 11 1 5
Toronio 948 182 02x—9 15 1
Langston, M. Lelber (7). Lefferis (8) and J
Pobresos: Guzmon, Holl (9) and Knorr. B
W—Guzmon, 5-5 L—Lonesion, 2-3. HR—Toronio, Schofield (7).
Builtizore 900 982 900—2 6 8
Chicopo 982 490 28x—6 12 9
McDanold, T. Bolton (3), Williamson (6), A
Poole (77. Millis (8) and Hollies; Berz, Cook (6).
McCaskill (8), R.Henandez (9) and Lovid-1
llere, Karkovice (77. W—Berz, 6-1. L—McDonid, 8-3. HR—Chicopo, Thomas (19).
Seattle 902 990 903—5 7 3
Millwankey 928 193 16x—7 7 8
Cummings, J.Nelson (6), Avoic (8) and in J. Wilson: Bones, Lipyd (9), Feiters (9) and Milsson, W—Bones, 4, L—Cummings, 1-1.
Sy—Fetters (3), HRs—Seattle, Solo (3), Grillifey Jir (22), Amaral (4).
New York 100 996 902 2—5 18 8
Kansos City 908 909 900 9—3 5 1

Kassas City 608 630 900 8-3 8 1
(16 Inshings)
Perez, Hitchcock (8), X.Hermandez (9).
Howe (10) and Levritz: Milacki, Magnamle (7), Picharda (8), Montgomery (9). Belinda (10), Brewer (10) and Movne, W.-X.Hermandez, 3-2, L.-Mantgomery, 0-2, 5w.-Howe (4).
HRs.-New York, Levritz (9), Baston (2).
Baston 609 600 101 1-3 8 9
Texas 100 609 100 0-2 8 9
Finvold, K.Ryan (8), Harris (9). Russell (10)

Finvoid, K.Ryon (B), Horris (9), Russell (10) and Rowland, Valle (B); B. Hurst. Howell (7), Oliver (B), Whiteside (B), Haneyouth (9), Corpenter (9) and Rodrisuez, W.—Horris, 2-1, L.—Carberter, 2-2, Sv.—Russell (11), HRs.—Boston, M. Voughn (12), Texas, Consecu (11), Detroit 02 603 361 8— 9 13 3 Mignesoty 013 068 601 1—10 16 1 (10 implays)

5

Krueger, Boever (3), Gettorris (5), Groom (6), Gardiner (7), Henneman (9) and Flaherty and Kreuter (6): Destraies, Stevens (6), Willis (6), Guthrie (9) and Parks and Walbeck (19). son 2 (9), Felix (2). NATIONAL LEAGUE

Montreal 118 000 100 8-2 5 3 (18 lanios) (19 lanios) (

W-J.Hernondez, 3-1. L.—Gomez, 6-1.
Chicage 910 129 272-9 74 6
Artentra 900 100 100-2 9 6
A.Young, Orta (7), Bourista (9) and Parent:
Mercker, Stelectu (6), Stanton (7), Al-Hill (9)
and J.Losez, W-A.Young, 5-2. L-Mercker, 3-2.
HR3-—Chicago, Zambrana (5), Roberson (1),
Houston 200 300 119-7 13 0
Philodeliphia 013 001 300 119-7 13 0
Philodeliphia 013 001 300-5 14 1
B.Witthams, Edens (7), Hampton (8), ToJones (9) and Esebici Dn.Jockson, Carter
(7). Bartand (7), Wells (9) and Daulton,
W-B.Williams, 1-2. L.—Carter, 0-2. Sw-ToJones (1), HR.—Philodeliphia, Incovigilia (9),
St. Louis 500 900 000-0 6 0
San Diego 000 220 20x-4 8 1
Wofson, Habran (7), Murabr (7), Aracha
(8) and Pagenazi; Whitehurs, P.A. Martine;

(6), Elliott (8) and Ausmus, W—Wh

The Michael Jordan Watch

SEASON TO DATE: Jordon is betting 209

SOME PRETTY

BIG CINES

(34-for-163) in 44 games. He has 27 singles and seven doubles. He has driven in 21 runs, stolen 14 bases in 21 altemphs and struck out 48 lines. He has walked 14 lines part schored 12 runs. Defensively, Jordan has 66 putoum, one assist

INTERNATIONAL FRIENDLY ikdy 2. Finkind () Netherlands 3. Scotland 1 U.S. 1, Greece 1 Swiss 2. Liechtenstein ()

KIRIN CUP

Hildrey's WORLD CUP

I'M STARTING A SECRET

CLUB, AND YOU

CAN BE IN IT!

CALVIN AND HOBBES

CHL BOTH.

THE PARTY

Saturday's NBA Result

EASTERN CONFERENCE FINAL

New York 19 28 13 16—65

Rew York; Ookley 4-12-47 12. Smith 3-42-28.
Ewing 0-10-1-41. Horper 2-51-46. Storts: 2-87-12
12. H.Davis 4-6-1-9. Mason 3-6-5-4-11. Anthony
2-6-1-35. H.Williams 2-0-0-8. Bookerson 6-2-0-0
0. Bonner 8-0-0-00. Goines 9-0-0-0. Totals: 22-64
27-37-68.
Indiago: D.Davis 5-10-0-10. McKey 6-11-3-4
15. Smits 7-10-0-14. Milier 5-10-4-14. Workmon
4-6-4-6-12. Flemins 0-1-0-0-0. Scott 2-8-3-67.
A.Davis 1-4-6-10-8. K.Williams 5-1-2-2. Conner
1-2-2-2-4. Thomason 1-2-0-0-2. Milicitel 0-0-0-0.
Totals: 32-6-5-24-34-88.
3-Point goots—New York 3-10. (Horper 1-1.
H.Davis 1-2. Starts: 1-4. Anthony 9-31. Indiano
3-3. (McKey 0-1. Miller 9-1. Scott' 0-11. Reboosts—New York 46 (Ookley 9), Indiano 57
(A.Davis 10). Assisty—New York 15 (Anthony
41. Indiano 24 (Workman 7). Total fosts—New
York 30. Indiano 33. Techalcois—Indiano York 30. Indiana 33. Technica

HOCKEY

Friday's NHL Result

BASTERN CONFERENCE FIMAL New Jersey 0 8 1 6 G-N.Y. Rongers 0 8 1 0 8 1 1-N.Y. Rongers wiss series 42 First Period—None, Penatiles—None, Scood period—1, New York, Leethe (Graves, Messlor), 933, Penativ—Lennieu N.J. (Interference), 12:13. Third period—2, New Jersey, Zeleputcin 0 0 1 0 0—1 0 1 0 0 1—2

New York 11-114-155-48; power-play oppor-unities - New Jersey (Lot 1; New York (Lot 1; loakes - New Jersey, Brodeur, 8-9 (48 shots-4 soves), New York, Richter, 12-4 (22-31).

Results Saturday in the seventh stope, 119 kilometers (719 miles) beginning and ending in Floori: 1, Laudelino Cubino, Spain, Kelme

Avionce, 2 hours, 56 minutes, 17 seconds or 40.52 kph (25.179 mph); 2. Akichele Copptiolle, from 15-day disobled list, Optioniad Carl Every 15-day disoble

goto, Italy, 28 Mobili Selle Italia, s.t.; 9, Alessio Di Basca, Italy, Amore and Vilte Goldrien,
s.t.; 10, Glarmi Bugno, Italy, Team Polit, s.t.
Resolts from Souday's elekth stage, a 44kikhmeter (272-salle) Individual time: trial
from Grosselo to Pallonka; 1, Euseni Berzin,
Russia, Gewiss Baflan, 50 minutes, 46 seconds; 2, Armand Dé Las Casvai, France Casboruma, I minute, 16 seconda behind; 3, Busson,
1:41 behind; 4, Misucel Indurain, Spain, Bönesto, 2:14:5, Massimilland, Leffi, Haly, Mercotone Una Medesphai, 2:39; 6, Pobre Ugrumov,
Latvia, Gewiss Beitan, 2:8; 7, Marco Gionaretti, Haly, Massel Clas, 2:49; 8, Francesco Cisagrande, Italy, Nercotone Una Medesphini.

segrande, Holy, Mercalone Una Medeshir 2:55: 9, Massimo Poderzana, Haly, Naviga 2:53: 9, Massime Podernand, itely, Nevigare Blue Storm, 2:11; 18, Mareno Arventia, Italy, Genetis Boffon, 3:19.

Overall Standings: 1, Berzin, 31 hours, 32 minutes, 11 seconds: 2, De Los Cuevos, Cas-lorume, 2:16 behind; 3, Busyno, 2:39; 4, Misuel Induralin, Spain, Bomesto, 3:39; 5, Marco Gio-vonetti, Italy, Mosel Clas, 4:20; 6, Francisco Coscarande, Italy, Mercatone Uno Medesh-ini, 5:32; 7, Belli, 5:24; 3, Powel Tankov, Rus-sia, Lamare Poweit, 6:09; 9, Setjano Della-Sonto, Italy, Mapel Clas, 6:19; 18, Mossimo Podernano, Italy, Navigare Blue Storm, 6:25.

SEANSACTIONS BASEBALL

BOSTON—Signed Peter Munro, elicher, CLEVELAND—Bought contract of Ruben Amaru, outfielder, from Charlotte, IL Opland Herbert Perry, 1st baseman, to Cher-loite. Recalled Math Turner, pitcher, from Charlotte and aut him an 40-day disobled list. DETROIT—Put Mill Cayler, outfielder, an 15-day disobled Rst. Recalled Dawny Boutlata.

outfleider, from Toledo, it.

MILWAUKEE—Activated Darryi Hamilton.

sufficiete, from 15-day discitled fist. Optioned
Troy O'Lears, outfleider, to New Orleans. AA.

Nativated League

CINCINNATI—Signed Kevin Moos, outfleider-infielder, to minor-league contract
and assigned him to indiamopolis. AA.

FLORIDA—Promoted Fronk Reberger,
bullpen coach to pitching coach, and Bob
McChure, bullpen catcher and assistant
coach, to bullpen coach. Activated Gary Shei-

TO GET IN.

BIG, SECRETIVE

WE'TL HAVE A SECRET CLUB-

ett opffielder, in Edmanden, PCL, Designanden Orasdes Destrace; 1st besemme, lor designment. Receilled Gree Colbrume, infleider, from Edmanden, Opffiened Gree O'Holloron, infleider, is Destrach, EL.

LA. DODGERS—Activated Tadd Worrell, Sitcher, from 15-day dispolated list, Oefficed Omor Dool, pitcher, in Alboquerqué, PCL, Puf Dave Honsen, infleider, on 15-day dispolated list, retroactive te May 9. Receiled Gorey Ingram, Infleider, from Sen Antonia, TL.

N.Y. METS—Activated Miller Maddux, Bitther, from 15-day dispolated itst. Opficered

AUTO RACING

MDY 388

Unofficial results Sendoy from the Indianamels 390; A Union- Jr. U.S. 1974 ProcketMercades. 200 lops, degrees assect Indiament CSILSA kebs, morphi of victory & 6 seconds: 2. Jacobes Villenerys, Costode, 1974;
Reynord-Ford. 200; 3. Sobby Sehos, United
States. 1973 Pensils- limnor, 197; 4. Jimmy
Vosser, U.S. 1994 Reynord-Ford. 199; 5. Robby
Gordon, U.S., 1994 Loto-Ford. 199; 5. Robby
Andresti. U.S. 1994 Reynord-Ford. 199; 7. Teg.,
Fob., Indiy, 1914 Reynord-Ford. 198; 7. Teg.,
Chever, U.S., 1994 Loto-Ford. 197; 78, John AnIdrell, U.S., 1994 Loto-Ford. 198.

SPANISH GRAND PRIX

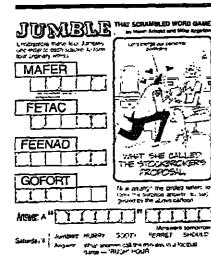
SPANISH GRAND PRIX
Results Sendery on the 4747-Ellemeter (1,95mile) Cobrings Chrosit, a being of 386.25 kilomilers (174.72 miles) in Berostone; 1, Domon Hill, British, Williams-Renout, 65, 1". mon Hill. Britoth. Willion's Renout; 65, 1", bour, 36 minutes; 14,074 seconds; 192,36 joh ⁹ (119,556 moh); 2, Michael Schumodayr, Ger-; mony, Benetion-Ford, 65, 24,146 seconds ber moto, 5.5.1 minute, 25.567 seconds behind; 4 Jeon Alesi, Fronce, Ferrari, 64; 5. Pter-Loigi Martill, Itory, Minoral-Ford, 64; 6. Pter-Loigi Martill, Indian Minoral-Ford, 64; 7. Olvier Panks, France, Lipter-Renout, 63; 8. Erik Bernard, vinz, Britain, Jardon-Hert, 64; 7, Olvier Panis, France, Ligher-Remout, 61; 8, Erik Bernord, France, Ligher-Remout, 62; 8, Atesandro France, Ligher-Remout, 62; 10, Atesandro Zanardi, Itahy, Lottis-Majen-Hando, 62; 10, Dayld-Brebham, Australia, Shariek-Ford, 61. Divers standinis (offer 5 races): 1, Schumacher, 46 solotis; 2, Hill, 37; 3, Gerhard Berner, Austria, 18; 4, Alest, 9; 5, Rubben Borrichello, Brazil, 18; 4, Alest, 9; 5, Rubben Borrichello, Brazil, 18; 4 (Ne), Nilosia Larini, Haly, and Martin Bruckle, Britain, 6; 8 (Ne), Miles Hokkinen, Finland, Ukya Kodovania, Japan, Karl Wendlinger, Austria, and Blandell, 4. Canstructors; 1, Banellon, 6; 2, Ferrunt, 25; 1/478/cms, 17; 4, Jonathan, 6; 5, Footwork, 3; (He), Allandi, 2, 18, Larrousse, 1.

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THIS WINDOW,

בעסץ דאקום?

















SOMEWHERE

THAT THE

HUMAN BODY IS ONLY WORTH SIXTY-SEVEN CENTS



TITL BE GREAT! WE'LL

THINK OF SECRET NAMES FOR CURSELVES, SECRET

CODES FOR OUR SECRET

SECRET HANDSHAKE...

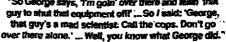






THE FAR SIDE









SPORTS

Roll Over The A's

Jack Morris, backed by four home runs, struggled but won his third straight decision Sunday as the Cleveland Indians beat the Oakland Athletics, 7-5, for their ninth consecutive home victory.

The streak is the Indians' best at home since they won 13 in a row at Cleveland Stadium in 1965. The current streak was interrupted by a 2-4 road trip.

Oakland, swept in a series for the 10th time this year, has lost four straight and 31 of its last 37 games. The Indians hit eight home runs in the three-game series, all with the bases empty. Paul Sorrento,

AL ROUNDUP

Sandy Alomar, Kenny Lotton and Jim Thome homered off rookie Mi-

Lofton, who had three hits, has hit safely in 25 of his last 26 games. Alvaro Espinoza also had three hits

Morris allowed four runs - one of them uncarned - and seven hits in five innings, striking out four and walking three.

Paul Shuey pitched one inning for his second save. He gave up Brent Gates' RBI double. In the first inning, Jimenez cov-

ered first on Carlos Baerga's grounder, but the throw from Troy Neel got past him, letting Espinoza score from second.

Three innings later, Morris bounced a short throw past the plate trying to stop Terry Steinbach from scoring on Scott Brosius' squeeze bunt, momentarily giving Oakland a 4-3 lead.

The Indians went ahead 5-4 in the fifth on Lofton's home run, his seventh, and an RBI single by Al-

Bine Jays 5, Angels 0: Todd Stottlemyre pitched a four-hitter and Roberto Alomar hit a two-run homer Sanday, lifting the Toronto to a home-field victory over Cali-

Stottlemyre, who hadn't pitched more than 6% innings in his six previous starts this season, struck out five and walked three in his first complete game. It was his

Chuck Finley gave up five hits and struck out seven in pitching his third complete game this season. losing for the first time in five

. - 1 - 7

Devon White reached base on Damion Eatley's throwing error to start the first and Alomar followed with his fourth homer, sending Finley's 1-0 pitch to left for a 2-0 lead. Pat Borders but his first home run



Mary Pierce, who has lost only four games in four matches, after drubbing Amanda Coetzer.

the second to make it 3-0. ■ In games played Saturday

Yankees 5, Royals 3: Three pitches after accidentally hitting plate umpire Dave Phillips with his bat and causing a concussion, Jim Leyritz hit a home run in the 10th inning to give visiting New York its fourth straight win.

Leytitz hit Phillips in the head with his backswing, and the umpire sustained a mild concussion and bruised left temple.

Pinch-hitter Daryl Boston's tworun homer off Royals closer Jeff Montgomery had tied the game in

Jays 9, Angels 4: Dick Schofield hit his fifth career grand slam and first home run in almost two years, leading the Toronto Blue Jays, playing at home, over the Califor-

Ed Sprague started the second inning with a walk, Mike Huff douloading the bases against Mark straight game to help the White Sox and minth innings for the visiting Langston. Schofield hit the next to their seventh straight win.

Tigers, who rallied from an 8-2 defpitch for his first homer since Sept.

Cleveland Indians beat Oakland for their eighth straight home win. The A's lost for the 30th time in their last 36 games.

Clark blanked the A's on three hits until the seventh inning, when Brent Gates singled and Mike Aldrete hit his fourth home run. Aldrete had entered the game in the fifth after Ruben Sierra strained his Rodriguez doubled home the gohamstring rounding first on a sin-

Brewers 7. Mariners 5: B.J. Surhoff drove in three runs and Ricky Bones snapped a month-long losing skid for the Brewers.

Dave Nilsson went 4-for-4 as ilwaukee, at home, beat the Mariners for the second straight time after losing a club-record 14 consecutive games. Bones, who last won on April 24 against Kansas City, gave up six hits in eight-plus

Thomas hit his 19th homer and Julio Franco drove in three runs as Indians 4, Athletics 2: Mark the White Sox won for the 10th Clark pitched his third complete time in 11 games before 43,589, the game in his last four starts and largest crowd in four seasons at the Carlos Baerga homered as the new Comiskey Park.

The winning streak is Chicago's longest since it won seven straight from Aug. 4-11, 1991. Ben McDonald (8-3) failed to

become the majors first nine-game winner, giving up three runs and

Red Sox 3, Rangers 2: Carlos ahead run in the 10th inning for the visiting Red Sox, who were held hitless by Bruce Hurst until Mo Vaughn homered with one out in

Boston tied it in the ninth on like Greenwell's double off Rick Honeycutt. Cooper led off the 10th with a single, moved to second on scored when Rodriguez doubled down the right-field line.

Twins 10, Tigers 9: Rookie Steve Dunn's two-out RBI double in the 10th inning helped the Twins overcome two homers by Kirk Gibson.

icit to take the lead before the Twins tied it at 9 in the ninth. In the 10th Dunn, batting only .194, drove a Mike Henneman

pitch over the head of right fielder

Pierce Lays Claim to 2 Records On Way to French Open Victory

Graf and No. 12 Mary Pierce came a step closer to a semifinal showdown with devastating fourthround victories Sunday at the French Open. Pierce smashed two

records in the process. The men's top-seeded Pete Sam pras, two-time champion Jim Couri-er, defending champion Sergi Bruguera and fourth-seeded Andrei Medvedev gained the quarterfinals. Bruguera, seeded sixth, blew by Australian Patrick Rafter, 6-4, 6-3,

6-1, to set up a quarterfinal with Medvedev, who beat Jacco Eltingh of the Netherlands, 6-4, 3-6, 6-4, 6-1. Sampras lost a set for the first time in his four matches, but collected himself to defeat Mikael Tillstrom, 6-4, 6-4, 1-6, 6-4. He will next play Courier, the No. 7 seed, who came back from 1-5 in the fourth set to outhattle Olivier Delaitre of France, 6-1, 6-7 (9-7), 6-1,

7-6 (8-6). Graf, a heavy favorite to win her fourth title, crushed unseeded Irina Spirlea of Romania, 6-0, 6-1, yielding only 19 points.

Pierce, based in Florida but playing for France, routed a more formidable foe, South Africa's Aman-

Pierce has lost only four games in four matches and won her 21st straight at 40 in the first set before

Coetzer snapped the streak. Both are modern French Open records.

To meet in the semis, Graf must get by 36th-ranked Ines Gorrochategui of Argentina and Pierce must beat 103th-ranked Petra Ritter of

Austria in quarterfinals Tuesday.

The other quarterfinals match No. 2 Arantxa Sanchez Vicario against France's Julie Halard, and No. 3 Conchita Martinez against No. 16 Sabine Hack of Germany. Sánchez Vicario beat error-

plagued Anke Huber of Germany, , over 246th-ranked Alexia Dechaume-Balleret of France.

Halard, who had never survived the third round in seven previous French Opens, upset seventh-seeded Natalia Zvereva of Belarus, 7-6 (7-2), 7-5. Ritter also reached her first Grand Slam quarterfinal with a 7-6 (7-2), 4-6, 6-0 win over Romania's Ruxandra Dragomi

Hack beat the last U.S. woman in the field, Shaun Stafford, 6-4, 6l, while Gorrochategui downed Iva Majoli of Croatia, 7-5, 6-4. Coetzer, ranked 18th in the

world, battled gamely, but Pierce repeatedly rocketed ground strokes and service returns out of her "I didn't make very many mis-

takes." Pierce said. Graf, while refusing to speculate on a semifinal with Pierce, said, "She has all the shots to come to

ble ousting the 11th-seeded Huber, who committed 45 unforced errors. Even a bad fall in the sixth game of the second set didn't slow the 22year-old Spaniard, who along with Pierce is considered one of the few serious threats to Graf. Huber, now 1-7 against Sánchez Vicario, reached the semifinals here last year before losing to Graf. Nei-

Sanchez Vicario had little trou-

a set in the first three rounds, and their match was the only one of 16 fourth-round contests in the upsetriddled tournament to pair two seeded players. On Saturday, in the conclusion of men's third-round play, five matches were decided in five sets, two involving fourth-seeded Goran Ivani-

ther she or Sánchez Vicario had lost

sevic and No. 8 Michael Chang. By day's end, only one seeded player, Ivanisevic, was left in the bottom half of the draw. In one of his best comebacks. Ivanisevic overcame Spanish claycourt expert Alex Corretja, 6-7 (7-3). 3-6, 6-1, 6-2, 6-3. Chang engineered one of his patented five-set rallies

but feli short against Peru's Jaime

that finished 6-2, 6-3, 5-7, 1-6, 7-5.



A Courier-Sampras Showdown: The Start of Something Grand?

International Herald Tribu

PARIS - It was the kind of match that has ruined others in Jim Courier's league this week. The crowd was French, vocally picking up and dusting off its French underdog and patting him on the back, and with spectators' guid-ance the momentum drifted back and forth between players like a long, lazy rally: Courier was going to win; Courier was going to lose.

But the voice of a crowd on Center Court at Roland Garros is made up of 17,000 parts, and perhaps Courier didn't notice, at the time, that the crowd really didn't want him to lose. It seemed to be cheering on the 76th-ranked Olivier Delaitre in order to give Courier a good ribbing.

In four years here, Courier has never looked more human. He is missing the shots he used to make and it is like watching a smile form across the face of Mr. Spock. He fell behind by four games, then recovered five in a row to serve for the match - but he bungled that,

When he finally won in a tiebreaker - by 6-1, 6-7 (9-7), 6-1, 7-6 (8-6) - they all stood and gave him a cheer that was not unlike mussing his red hair. So he left slightly humbled but knowing — counting on it — that they will all be pulling for him in the quarterfinal when he plays the world No. 1. Pete Sam-

Looking forward to it," Courier said. "It is the match I wanted to play since I saw the draw. It will be

Before his own fourth-round

match later Sunday, Sampras ap-peared to be approaching invincibility. He has won the last three Grand Slam events and is trying here to become the first since Rod Laver in 1969 to hold all four titles at once. Anyone who might have threatened him was fended off as if by bodyguards - Henri Leconte, a weeks ago he won the Italian Open possible third-round opponent who has given Sampras terrible problems in French stadiums, was knocked out in the first round by Paul Haarhuis, and then Sampras beat Haarhuis in straight sets; and Richard Krajicek, the 16th seed, who figured to worry Sampras on Sunday, was knocked out in the

Singles Results at the French Open SATURDAY'S RESULTS

France, 6-1, 2-1, retired.

TR. U.S. 44 34 64 64 64 Javier Prana, Arsentina, det. Mark Wood-forde, Australia, 64, 34, 60, 44, 104, Women Singles, Third Regad Arastho Sanchez-Vicario (2), Spain, det, Bar-

Julie Helard, France, del. (7), Belarus, 7-6 (7-2), 7-5. Petra Ritter, Austria. del. Mary Pierce (12), France, def. Sobine Hack (16), Ge ford. U.S., 64, 62 Steff Graf (1), Gern Romania, 64, 61.

ioli, Croatia, 7-5, 6-4.

which might have forced him into a has the aces and who doesn't." fifth unwanted set. As it was, Sampras won by 6-4, 6-4, 1-6, 6-4: un- mains in orbit around the two of convincingly in one sense, but also them. In the women's event, No. 1 confidently — in that he won the Steffi Graf is awaiting a semifinal points when he had to win them. challenge from No. 12 Mary Pierce,

June, when Courier — anticipating a third straight French Open title month he was losing the final at Wimbledon to Sampras, and Sam-pras now appears married to Courier's former No. I ranking. Two as stable at No. 1 as Sampras is on clay, and clay is Courier's back-yard. Courier notes, promisingly, that this will be their first meeting on clay, and that it comes in his favorite tournament.

previous round by Mikael Till- am hoping unless he serves 100 stroem of Sweden, a qualifier percent first serves. So I will get a nked No. 226. chance to play and that is all I.
Against this backdrop Courier really ask for against anybody I might have appeared especially play is to just give me a chance to vulnerable, but then Sampras, un- play and so what I know how to do willing to finish Tillstroem early, and we will kind of put our cards' had to fend off four break points up against each other and see who

At midpoint, the tournament re-This has been the growing differ- who has lost four games in four ence between Sampras and Courier matches. In the bottom half of the ever since this tournament last men's draw, No. 5 Goran Ivanisevic is the only surviving seed; while No. 5 Bruguera and No. 4 Andrei - was shocked by Sergi Bruguera Medvedev will meet for the right to of Spain in the final. Within a play, and perhaps exploit the exmonth he was losing the final at haustion of, the winning rival. amone Samoras vs. Courier.

Just 18 months ago, Courier was now. It is silly to say that Courier has "lost it" before Sampras has proved capable of beating him on this surface, in front of this crowd. Even if Sampras wins, you have to ask, how long will be maintain the "It should be extra interesting. It singular commitment that seems to should," Courier said, "His serve is have momentarily escaped Courialways effective, but it will be er? These are still just the beginslightly less effective on this court. I mings of a beautiful rivalry.

phia this weekend for the first time

since being traded to the Astros in

December, said Friday he expected

to be released on Monday and hint-

scored Jeff Bazwell, who had greet-ed reliever Andy Carter with a dou-

Gonzalez's long fly to center

Brian Williams got the win de-

Padres 4, Cardinals 0: Wally

Whitehurst combined with two re-

lievers on a six-hit shutout and Bip

Roberts tripled in two runs for San

Diego, playing at home.

spite allowing five runs and 10 hits

ed at retirement.

in six innings.

Els Holds Lead

The Associated Press

VIRGINIA WATER, England - Ernie Els of South Africa increased his lead to three strokes Sunday with three rounds of the European PGA Championship having been played, but a late charge put defending champion Bernhard Langer back into conten-

Langer birdied the 17th and 18th boles to card the best round of the day, a 5-under-par 67, giving the German a 206 total in a tince-way tie for second place with Spaniards José Maria Olazábal and Miguel

Angel Jimenez. Els, who built his lead with backdouble bogey at the par-4 sixth to

stroke going into Sunday's final 60 Brooksfield, two boats that had gambled on a more easterly course, round of the Southwestern Bell Co-

lonial in Fort Worth, Texas. Simpson put together a 6-undercord of 197.

SIDELINES

The Mets' Kelly Stimett slid safely into first as Reds' pitcher John Smiley and first baseman Hal Morris fumble for the ball.

In European PGA
Copiad Wins Trotting's Elitloppet
STOCKHOLM (AP)—Swedish-bred Copiad, battling Pine Chip head to head on the last lap, won Sunday's Elitloppet mile race while the U.S. trotter broke stride and was disqualified. France's Abo Voio finished second, with Shan Rags of Norway in third

place. The victory gave Copiad the Nordic "Triple Crown" and extended the 5-year-old's winning streak to eight races this year.

Narita Brian won the Japan Derby by five lengths, leaving the 3-year-old son of 1988 Florida Derby winner Brian's Time one victory away

from capturing Japanese thoroughbred racing's triple crown.

Berzin Flat-Out Out-Rides Indurain FOLLONICA, Italy (Remers) — Three-time Tour de France winner Mignel Indurain was handed the biggest time trial defeat of his career Sunday when Evgeni Berzin of Russia won the 44-kilometer (27-mile)

eighth stage of the Giro d'Italia. Berzin more than doubled his overnight overall lead of 57 seconds by covering the flatland course on the Tuscany coast in 50 minutes, 46 seconds. Armand de las Cuevas of France came in second, I minute and 16 seconds back, while Indurain trailed by 2 minutes, 34 seconds.

to back rounds of 66, overcame a Endeavor Sails in Whitbread Lead

SOUTHAMPTON, England (AP) - New Zealand Endeavor, with SOUTHAMPTON, England (AP) — New Zealand Endeavor, with olazabal carded a 71, also with strong winds on its more northerly route, raced into a 30-nautical-mile back-to-back birdies at the finish lead Sunday on the final leg of the Whitbread Round the World Race.

The Maxi yacht made up in 24 hours the huge advantage maintained for nearly a week by Merit Cup of Switzerland and the Italian Whitbread for nearly a week by Merit Cup of Switzerland and the Italian Whitbread

For the Record

par 64 and matched the largest 54.

Matt Turner, the Cleveland relief pitcher who had swollen lymph hole lead of the season on the PGA nodes in his groin removed, has Hodgkin's disease, tests revealed. (AP) hole lead of the season on the PGA
Tour. His 195 total broke the old
course and tournament scoring re
course and tournament scoring re
cond of 197.

Indies Boros, 74, whose easy-going style belied the competitive fire that
made him one of golf's top players, died of heart attack while riding a cart
on a course in Fort Landerdale, Florida.

(AP)

First-Pitch Homer Paces Chicago Over Atlanta

Sammy Sosa hit Tom Glavine's Floyd's RBI double. first pitch of the game for a home run and last-minute starter Jim Bullinger gave Chicago six strong innings Sunday as the Cubs beat the Atlanta Braves, 4-2, in Atlanta.

ume announced the trade of outfielder Deion Sanders to Cincinnati for outfielder Roberto Kelly, lost four of six games on the home stand and are 12-11 at home. The announcement of the trade during the second inning was greet-

ed by boos from the fans at Atlanta-Fulton County Stadium. Sand- enth inning. He kept the combined ers, who was in the starting lineup. no-hitter going until Finley opened learning of the deal. Expos 4, Rockies 3: Larry Walk-

pitch in the 10th inning to give ninth straight game, and the New Montreal, playing at home, a 4-3 York Mets beat the visiting Cincinwin over Colorado. Walker hit his sixth homer of the season over the right-field wall off

Tim Scott pitched a hitless 10th Walker, Marquis Grisson and

Phillies 4. Astros 2: David West. making only his second start of the season, and Heathcliff Slocumb held Houston hitless until a leadoff single in the ninth inning by Steve The Braves, who just before the Finley.

West moved from a relief role into the rotation after injuries deprived the Phillies of three of their starters, pitched six innings. He struck out seven and walked three before being pulled after 102 pitch-Slocumb relieved to start the sev-

immediately left the stadium after the ninth with a clean single up the middle Mets 8, Reds 5: Bobby Bonilla er bomered on Bruce Ruffin's first set a team record with an RBI in his

nati Rods for a three-game sweep. The first-place Reds lost for the eighth time in nine games. Prior to Ruffin, who came in to start the the game, Cincinnati traded All-

of center fielders. Bonilla, who drove in two runs. Moises Alou each had two hits for broke the Mets' mark of eight the Expos, who rallied to tie it 3-3 straight games with an RBI set by in the sixth on Darrin Fletcher's Keith Hernandez in 1986 and

SCESOD.

In games played Saturday: Cubs 9, Braves 2: Anthony Young, who set a major league record with his 27th straight loss last season, became a three-game winner for the first time in his career in

Young (3-3) began this year with a 5-35 record in three seasons, all

NL ROUNDUP

with the New York Mets. His losing streak spanned 1992-93. Young allowed one run and five hits in six

Mets 5, Reds 4: Bobby Bonilla homered and doubled twice as New York handed Cincinnati Mets handed visiting Cincinnati its seventh loss in eight games.

Ryan Thompson homered and drove in three runs for the Mets. lez's sacrifice fly scored the goand Thompson connected with two outs for his 10th home run and 2 4-3 lead leff Kent hit his 11th homer Star Roberto Kelly to the Atlanta Braves for Deion Sanders in a swap Mitchell had a solo home run, his hitting a batter in the ninth inning, 12th, with one out in the Reds

> Rockies 3, Expos 2: Joe Girardi singled home the go-ahead run with three innings.

sacrifice fly and rookie Cliff matched by Jeff Kent earlier this two outs in the 10th inning for the Williams, returning to Philadelvisiting Rockies.

Dante Bichette led off the 10th with a single against Tim Scott and Charlie Hayes also singled. Bichette moved to third on a fly ball and scored on Girardi's single off

Jeff Shaw. Bruce Ruffin pitched two scoreless innings for the win. Kent Bot- ble and moved to third on a tenfield got three outs for his first save. Montreal starter Pedro Martinez tied his career high with 10 strikeouts in 71/2 innings,

Marlins 3, Giants 2: In San Francisco, Chuck Carr scored the tying run on a passed ball in the seventh inning and drove in the go-ahead run with a single in the ninth. Florida broke a three-game los-

winning streak for the Giants. Jeremy Hernandez pitched two innings to get the victory. Astros 7, Phillies 5: Luis Gonza-

Bonilla singled in the sixth inning ahead run in the seventh inning as the visiting Astros used three relievers, but not Mitch Williams. Williams, who nearly blew Frifor the Mets. Pinch-hitter Kevin day night's game by walking and

Whitehurst went five innings for ing streak and ended a three-game the win before being lifted for a pinch hitter in the bottom of the inning because of tenderness in his pitching elbow. Pirates 7, Dodgers 2: Denny Neagle, used primarily as a reliever in his career, picked up his fifth win

> and his first two career RBIs for the Neagle scattered nine hits and struck out seven in six-plus innings to reach a career-high in wins for a

warmed up but didn't get the call as Houston manager Terry Collins went to his bullpen three times in Jay Bell doubled in two runs and Carlos Garcia homered for the Pi-

The Decline and Fall of Bertolucci's Ego

By Martha Sherrill

Washington Post Service FW YORK — So, how vast? How huge? Surely, a man who spent two decades in psychoanalysis and has surrounded nimself over the past three years with Tibetan holy men of every spiritual magnitude can answer a simple question about his ego.

Bernardo Bertolucci smiles. He rolls his shoulders around inside his blue blazer. He ingests the inquiry, sulks, smiles, sulks, then begins erupting and interrupting.
"Whoever said this — that I was an egomaniac — it's

not true," he says, "Maybe once. Maybe sometime in the past. But I don't think I am an egomaniac like I was in the

He's a great director, a poet, an enchanting narcissist, a limousine Marxist, an adorer of Freud and Buddha, a lover of fabulous clothing, rakish hats, cashmere. His fat dark Rolex slips ground on his wrist. Even in the Sahara in 1989 for six months shooting "The Sheltering Sky." he dressed up every day. Making his big new \$30 million picture, "Little Buddha," in Nepal and Katmandu, he was followed around by his own private rinpoche, his own reincarnated saint.

"Maybe there was a moment of megalomania," he says, "but not anymore. I lost it."

There's a smokiness about him, a smoldering of good humor, intense feeling, of a man who has never experienced a dull-hearted moment. He is tall and warm, irresistibly charming, sometimes manipulative. In the past, he has refused invitations to dinner parties unless he was the guest of honor. Actors and actresses who work with him have a tendency to fall in love with him and also to get back at him. After making "Last Tango in Paris." Marlon Brando said he felt "completely and utterly violated." John Malkovich, who got along well with the director during the making of "The Sheltering Sky," called him "treacherous as a snake."

"Bernardo's not a true Communist," the Chinese actress Joan Chen said after making "The Last Emperor." a movie that won all nine Oscars it was nominated for in 1987. "He's probably a Communist for a few seconds a day, but certainly not at night."

"Everybody jokingly and lovingly says he's a megalo-maniae." Debra Winger said after finishing "The Shelter-ing Sky." "but, my God! His ego stretches over oceans . danes."

Bertolucci does not agree. He's much better now, he says, nothing like 20 years ago, when he had his big explosion of egotism. That was right after "Last Tango in Paris," when he was 33. He had been sentenced to two months in prison in Italy - his movie was declared obscene - and although the jail time was waived, his voting rights were taken away for five years.

'To be a martyr." he says. "is such a good feeling." Hollywood was at his feet then, too, offering the pick of all the hot properties, hoping especially that he would make another "Last Tango." But Bertolucci defied them, wrote his own screenplay instead, and made "1900": a five and a half hour epic about two friends, played by Robert De Niro and Gerard Depardieu, whose lives provide a Marxist Freudian interpretation of modern history.

Huge subjects have never scared him. On location. Bertolucci sometimes comes out of his trailer and sees thousands of extras in costumes and wigs and makeup and his knees buckle. His legs go. He wants to disappear, he says. Sometimes he fantasizes about having

Europe



Con Wells Braza for The Washinston Pre-

Bernardo Bertolucci: "I don't think I am an egomaniac like I was in the '70s."

an ambulance come take him away. Or, he says. "I want to call the fire brigade."

There were 500 hairpieces flown in from London for "Little Buddha," as much an epic as any of his previous pictures. Loosely based on a true story, it tells of a voung boy in modern-day Seattle who is "discovered" by Tibetans. They believe he might be the reincarnation of a Buddhist lama. Intercut with this tale is the story of how Prince Siddhartha (Keanu Reeves) found enlightenment 2,500 years ago and became Buddha.

To shoot the boy's story. Bertolucci worked briefly in Seattle. But to tell the ancient legend of Prince Siddhartha. he dropped millions of dollars on Nepal, hiring hundreds of drivers, carpenters, interpreters, security guards and caterers. It took two months to transform the medieval city of Bhaktapur into the location of Siddhartha's sum-

"Little Buddha" offers a sleepy sensuality, some magic and grace, and wonderfully kitschy special effects. And like Bertolucci's other pictures, it's the story of a transfor-

"It is my most revolutionary movie." Bertolucci likes to say. And it's true, "Little Buddha" is outrageously uncynical, with a sweetness and passivity that have infuriated European intellectuals.

"I know this film disconcerted a lot of people." he admits. "How can I do such a spiritual thing after all these political movies? How can I do a movie on Buddha with The English reviews are the worst I've ever had. In

France and Italy, they like it, but the British, they're thinking, This cost \$30 million? Buddha? Keanu Reeves? Oh my God."

He is not a true Buddhist, he says, "just an amateur," but he enjoys meditation, the ancient wisdom, the philosophy. With the collapse of socialism and the near-death of the Freudians, Bertolucci says he finds solace in Buddhism. During the premiere in Paris, the Dalai Lama held Bertolucci's hand throughout the movie - the first time the Dalai Lumahad been in a movie theater — and proclaimed it "wonderful, wonderful, wonderful," before, Bertolucci said, "he disappeared in a cloud of body-

What draws Bertolucci to all this? "I found there was no contradiction between this religion and what I already believed in." he said. "It gives me another way to be allowed to have dreams. The dreams you are no longer allowed to have with socialism. Maybe I need a utopia. I also like the idea of karma because it is very much Freudian: You know, you are the writer of your own karma. Frend says we are the writers of our destiny. too. Anything we do, it's our unconscious which dictates."

Also, he loves the Tibetans, meaning the lamas, rinpoches, monks and nuns who participated in the movie. All but one of the lamas in "Little Buddha" are the real thing. "They have so much joy." Bertolucci said. "They're so witty. They are such a mixture of sophistication and a kind of mountain, strong, physical approach. The Tibetans were mountaineers originally, and yet were able to invent this school of logic and dialectic and philosophy which is extraordinary

ACROSS

s Handouts

LANGUAGE

Pass the Bloopie Envelopes, Please

By William Safire

ASHINGTON — For those of you unable to get a seat in the white-tie andience at this year's televised Bloopie Awards ceremony, here are this year's winners. Missing is the tension felt by the advertising copywriters nominated by their peers for grammatical galles, as well as the acceptance speeches blaming sponsors who demand language that dumbs down to the lowest denominated consumer.

The yawning lion bloopie to Drevius Asset Allocation Fund, for the headline "Some Don't Know How to Choose Between Stocks, Bonds and Money Markets. We Do." Sell short on between when that preposiprecedes more than two items. Go long on among for three or more arranged but the precedes more than two items. Go long on among for three or more arranged but the precedes more than two items. three or more, especially when your motto is "survival

The Bloopie Awards Committee of the Lexicographic Irregulars is not hung up on the rule to use between only for two when it conflicts with Norma Loquendi's rule "When among sounds funny, stick with between."
Goldman Sachs, in wishing The Economist magazine a happy 150th birthday, chose to use "Between the fire, the wheel and The Economist, mankind will continue to evolve." The New Age investment bank was undoubtodly influenced by the idiom between you, me and the lamppost, and cannot be given a bloopie for its usage, but it's crowding the border.

The could-care-less, we-meant-the-opposite semibloopie to the Lands' End clothing advertisement for its "But we keep tinkering with it — to see if we can't improve it somehow." The meaning is "to see if we can improve it," not the opposite, but here, too, an idiom takes over. A loosey-goosey usagist of my acquaintance, chastising my occasional prescriptivism, sent me this note: "See if you can't do better than I could care less." The meanings of both are reversed; you can read that line as "See if you can do better than I couldn't care less." Don't fight quirks in the language; idioms is idioms.

Which brings us to agreement bloopies. The Honda Motor Co. offers, "One day your child turns 16 and you let them borrow the keys to the wagon." One child is not them. The copywriter might argue that he — or she, as the sex may be — felt that them would be better than him or her, either of which imputes a sexist preference to twins or better. Solution: Recast the sentence a little. "One day your child turns 16 and wants to borrow the

keys to the wagon." There's always a way out. Another agreement bloopie was proposed for the Ford Motor Co., for "In each of us, there's a dreamer and a realist. But now they can share a ride." This proposal argued that they reinforced the plurality of α dreamer and a realist, disallowing a contraction of there is. It was defeated because the correction, "there are adreamer and a realist," while grammatically in agreement, sounds funny. Norma strikes again. Otto Jespersen, the great grammarian, explained the disagree as an attraction between is and the first part of the compound subject, in this case the singular dreamer. (Jesperson's example, from Shakespeare's comedy "As You Like It," is "There comes an old man and his three

sons.") Way out: "In each of us, we can find a dreamer and a realist. But now they can share a ride. The misplaced indicative bloopic goes to Econo Baner, purveyor of deeply striped shirts made ".
Singapore, for "If life was full of Saturdays.
Unfortunately, six-sevenths of life is not Saturday. making Bauer's dream a condition contrary to fac-

and requiring the subjunctive "If life were Can you voice an audible? Sprint advertises its voice activated Foncard (with a macron over the c. to help the restriction of the rest us pronounce it "oh," instead of spelling it Foncerit by telling customers to dial "just by voicing an audicid when they are on the line. And that means 10 iess numbers to remember. You can voice an opinion, 27% combination stretches the verb form of voice too far. even for a Fon company, worse, it means 10 /see numbers to remember. For the diet-conscious. Sprints new TV ad makes the ominous offer to take 50

percent off the person you call most." The dramatically misplaced modifier bloopie goes to Este Lander for "New Advanced Suncare protects you against the san's most damaging rays without harso chemical sunscreens." Are the rays without the surscreens? No; the modifying phrase belongs next to the product it modifies: "New Advanced Suncare, without larger charmonal transfer of the modifies." harsh chemical supscreens, protects you. . . .

This year's capitalization bloopie goes to I Can't Believe It's Yogurt! for urging us to "Try a lowfat Fruit Parfait featuring our Northat frozen yogurt." This sort of crazed capitalization can be found in the Declaration of Independence, which begins: "When in the Course of human Events, it becomes necessary for one People to dissolve the Political Bands. "In the past two centuries, the trend has been to decapitalize. Even if the incredulous company has a trademark on fruit parjait. It has no reason to capitalize "Nonfat" and lowercase "lowfat." (I Can't Believe They Did That!)

The bloopie for most pernicious pronoun goes to Barneys New York, which listed under "Some of Our Favorite Things" this salute to a supposedly well-brought-up child answering the telephone: "Kids who say Whom may I say is calling?" "Send that pretentious little pedant back to calling all boys to Seventh Avenue and 17th Street, after placing the needed commas after the first "say" and around "may I say, the copywriter should quote Fauntieroy as using who. not whom, because when may I say is dropped out, the question is who is calling? — not whom is calling?

The last envelope, please. The spelling bloopie to The New York Times Magazine, in an ad for an advertising supplement from the same issue as last year's Bloopie Awards, for suggesting advertisers "snuggle into something warm and envelope yourself in the pages of 'Fabulous Furs.'" That was faux realisting agreed in the pages. spelling, envelop is the verb, envelope the noun.

New York Times Service

INTERNATIONAL CLASSIFIED Appears on Page 23

WEATHER

Forecast for Tuesday through Thursday, as provided by Accu-Weather. Topportow y High Low W CF CF 2 2475 1676 pc 8 18/64 1457 p 5 29/64 1457 p 5 29/64 2470 pc 5 29/64 2470 pc 5 29/64 2470 pc 5 29/64 2470 pc 6 2277 1457 p 7 19/64 12/53 pc 1 pc 24/64 12/53 pc 1 pc 24/66 14/57 p 2 pc 26/79 18/64 pc 2 pc 26/77 13/65 pc 3 pc 26/77 13/65 pc 4 pc 24/67 pc 2 pc 26/77 13/65 pc 4 pc 24/67 pc 3 pc 21/70 14/67 pc 5 pc 21/70 14/67 pc Europe North America

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22 Hesitation

25 Swindle

26 Sweet treat

23 Writer Bomber

Solution to Puzzle of May 27

CROSSWORD 44 1985 Kate Nelligan title role 45 Big shot 47 Calendar ender Abbr.

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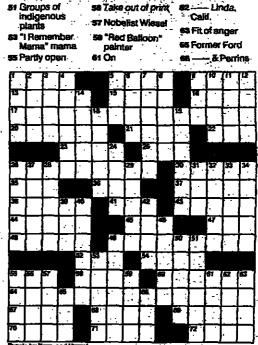
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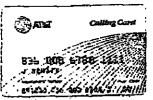
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48 Ecto or proto 49 Panel of 12 50 Alaskan rive



.O New York Times Edited by Will Shortz

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